

PATENT

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Group Art Unit	:	3684
Examiner	:	MEINECKE DIAZ, Susanna M.

**BRIEF ON APPEAL
ON BEHALF OF APPELLANT**

S I R :

This is an appeal from the Final Action of the Examiner dated November 30, 2010, rejecting claims 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-145, 150-162, and 166 pending in this application.

A Notice of Appeal was filed on May 31, 2011, and a Petition for Extension of Time accompanies this Appeal Brief. Thus, the appeal and Appeal Brief is timely filed.

A Request for Oral Hearing will timely be filed after receipt of the Examiner's Answer.

Please charge the fee under 37 C.F.R. § 1.17, the fee for any Extension of Time for filing of this Brief, and any other fee necessary for filing this Brief on Appeal, or for further prosecution, to Deposit Account No. 50-0235.

I. Real Party In Interest

The real party in interest is the assignee, Matthew B. Schoen.

II. Related Appeals and Interferences

There are no appeals believed to be related.

III. Status of Claims

A. Total Number of Claims in the Application

A total of 171 claims are in the instant patent application.

B. Status of the Claims

Claims 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166 have been examined and rejected pursuant to 35 U.S.C. Sec. 103.

Claims 6-34, 44-47, 49-50, 53-56, 66-69, 86-114, 124-127, 129-130, 133-136, 146-149, 163-165, and 167-171 have been made subject to a species restriction that is the subject of a Petition filed on May 31, 2011, with the decision still pending.

C. Claims on Appeal

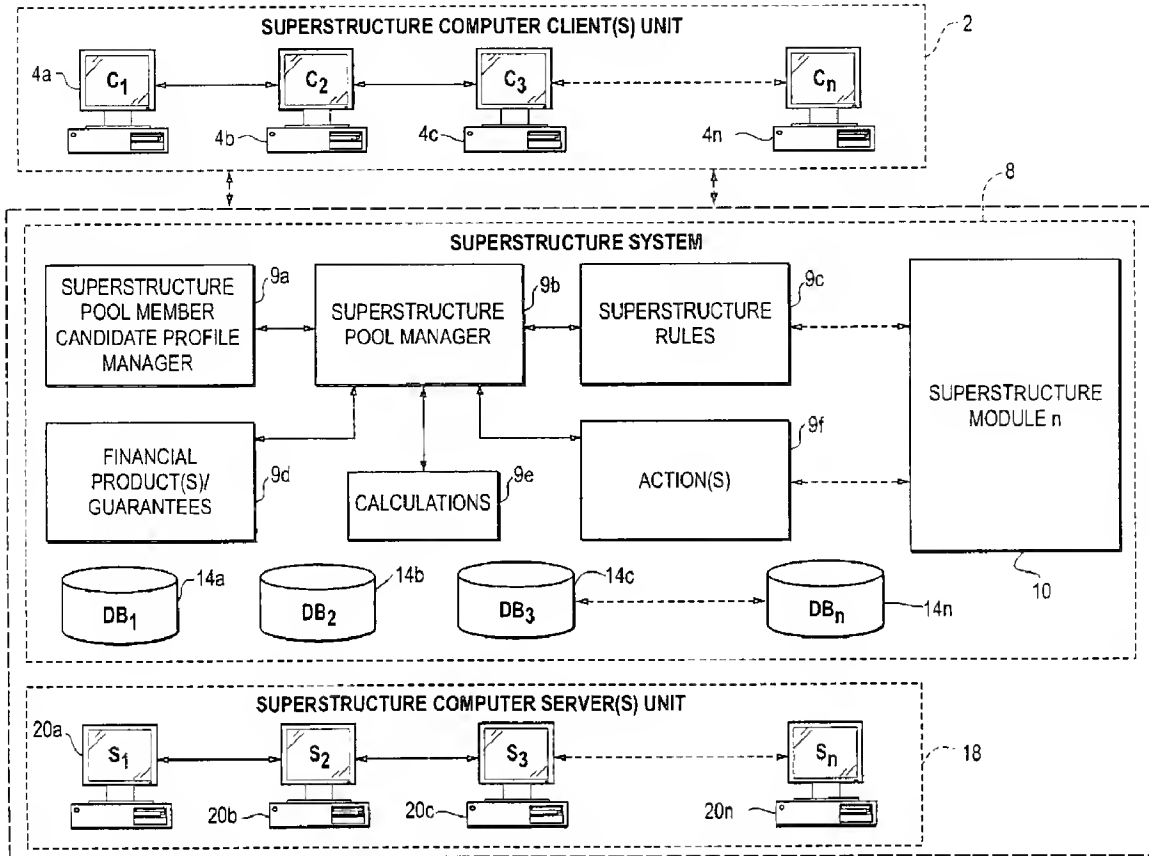
Subject to a Decision on the Petition for Rejoinder, claims on appeal are claims 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166.

D. Status of Amendments Filed Subsequent to Final Rejection

An Amendment After Final was filed on 4 February 2011, and entered into the record on 11 February 2011. This Amendment was directed to the wording of the claim of benefit from the provisional patent application, Ser No. 60/449, 818, filed on February 24, 2003.

IV. Summary of the Claimed Subject Matter

In understanding the claims, reference is first drawn to Figure 1 of Appellant's specification, which is copied below.



The specification states the following at published Para's 0057-67:

... pool must maintain aggregate collateral (as per a rule) in relation to aggregate risk in a given day for a given product (as per 9d). If two members in the pool have 50% share of the risk, then each is required to put up additional collateral when the need arises. This could be a daily adjustment, with timing actually depending on the volatility of the risk for the product.

Note that data flows from 9b to 9c as the rules can be a moving target and also 9b is involved in creating the pool in the first instance, as well as in monitoring and managing it. Calculations 9e can really interact in many directions and is really a multifunctional component, but in the present illustration, Pool Manager 9b communicates information about rules and product guarantees and present conditions (member and or financial) to forward to Calculations 9e. For example, minimum criteria for maintaining membership in the pool may require a certain rating, e.g., an S&P A rating. Daily monitoring may lead to automatic expulsion depending on the rules, or there may be a default such as putting up more collateral, such as 100% of the share of risk. Another possibility is for the candidate to reduce its risk. All of this is managed by System 8, with dependent or interdependent data reflecting the circumstances by which a particular pool is structured.

Calculations 9e sends data to Pool Manager 9b which controls Actions 9f in carrying out an action. Note, for example, where an action involves a choice, a client choice or candidate choice can flow back through Actions 9f.

Superstructure Module(n) 10 coordinates Actions 9f output with related any superstructure, such that action as to one pool may trigger action for another pool. This

communication can be in connection with action data in and out to Client unit 2.

An independent claim that is the subject of this appeal, claim 1, is as follows:

A computer-aided method of determining participation in a pool, the method including the steps of:

forming a pool to handle a monetary obligation that is a financial liability over a period of time;

storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation; and

applying the rules, with the computer system, to carry out the step of determining the participation within the period of time.

For other claims and more particularity, please see the chart below and note that one manner of viewing support for the claims is as follows:

<p>1. A computer-aided method of determining participation in a pool, the method including the steps of:</p> <p>forming a pool to handle a monetary obligation that is a financial liability over a period of time;</p> <p>storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced</p>	<p>Page 11, lines 23-25: the governing document or entity must unambiguously determine each of the participating wrap/financial guarantee provider's fate prospectively under numerous scenarios.</p> <p>Page 22, lines 11-18: consider a computer programmed for adjusting participation in a pool, including the steps of: forming a pool to handle a monetary obligation over a period of time; storing in a computer rules for participation in the pool over the period of time; and using the computer to carry out the step of adjusting the participation periodically within the period of time and in accordance with the rules. The adjusting of</p>
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<p>share of the obligation; and</p> <p>applying the rules, with the computer system, to carry out the step of determining the participation within the period of time.</p>	<p>the participation can include at least one of:</p> <p>changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.</p> <p>Page 41, lines 12-15: If a single participant, sz, has its share changed (due to any of a number of factors, including elimination from the pool), the change increases/decreases the shares of the other participants, as follows:</p> $\text{new } S_n = \text{old } S_n + [(\text{old } s_n) \times (\text{old } S_z - \text{new } s_z) / (1 - \text{old } s_z)]$
<p>2. The method of claim 1, wherein the rules include at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining includes changing membership in the pool.</p>	<p>Page 12, lines 17-21: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria. The governing agreement can further define the type of company or entity that is eligible for each slot in the pool.</p>
<p>3. The method of claim 1, wherein the determining includes changing responsibility for the financial liability of a member of the</p>	<p>Page 22, lines 15-18: The adjusting of the participation can include at least one of:</p> <p>changing membership in the pool, changing</p>

pool.	responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.
4. The method of claim 1, wherein the determining includes changing responsibility for the financial liability of the pool.	Page 22, lines 15-18: The adjusting of the participation can include at least one of: changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.
5. The method of claim 1, wherein the financial liability is associated in the computer system with a financial product.	Page 17, lines 20-23: Because the pooling is intended to provide maximum value, utility and benefit to policyholders (or other end buyers, e.g., retail investors, financial institutions or other institutions seeking financial products such as hedges or other derivatives that ordinarily expose one or both parties to default risk),
35. The method of claim 1, wherein the rules include at least one requirement regarding a credit rating of one of the members of the pool.	Page 31, lines 5-8: minimum criteria for maintaining membership in the pool may require a certain rating, e.g., an S&P A rating. Daily monitoring may lead to automatic expulsion depending on the rules, or there may be a default such as putting up more collateral, such as 100% of the share

	of risk.
36. The method of claim 1, wherein the rules include at least one requirement regarding collateral status of at least one of the members of the pool.	Page 23, lines 11-13: each superstructure pool member's collateral status and to compute an applicable adjustment, i.e., increase or decrease, according to a pre-specified criteria and/or rules and/or formulas as may also be chosen to reflect the pool requirements;
37. The method of claim 1, wherein the rules include at least one requirement regarding revenue of at least one of the members of the pool.	Page 11, lines 17-20: Applicant's solution resides in an overriding superstructure that governs all terms, costs and most importantly, the relative position (share of risk and revenue) of each wrap/financial guarantee provider within a plurality of wrap/financial guarantee providers according to a pre-defined, pre-agreed-to formula.
38. The method of claim 1, wherein the rules include at least one requirement regarding profit of at least one of the members of the pool.	Page 23, lines 13-16: to apportion each superstructure pool member's share of liability, profit, etc., according to pre-specified criteria and/or rules and/or formulas as may also be chosen to reflect the pool requirements;
39. The method of claim 1, wherein the rules include at least one diversification requirement.	Page 13, lines 1-4: One can conceive of almost endless combinations of pre-defined slots to optimize the overall safety of the pool i.e., diversifying according to multiple criteria, including but not limited to type of

	institution, type of risk ordinarily taken or exposed to, geographic dispersion of risks taken, etc.
40. The method of any one of claims 35 – 39, further including computing, with said computer system, an adjustment of said at least one requirement according to a criterion.	Page 23, lines 20-23: to track or monitor each superstructure pool member's adherence to pre-specified criteria and/or rules and/or formulas and to determine an action according to its findings based on a single component of criteria within the plurality of criteria;
41. The method of claim 1, wherein the determining is responsive, at least in part, to an event.	Page 12, lines 4-7: The initial share of risk and revenue allocated to each wrap/financial guarantee provider must be stipulated in the legal governing agreement, along with its respective share of risk and revenue under certain triggering events in the future.
42. The method of any one of claims 35 – 39, further including computing, with said computer system, an adjustment of said at least one requirement according a formula.	Page 12, lines 7-9: For example, if anyone of the wrap/financial guarantee providers is downgraded by a specified rating agency (or agencies), its share of risk and revenue is automatically adjusted according to a pre-defined formula.
43. The method of claim 39, wherein the at least one diversification requirement comprises a requirement of a reduction in diversifiable risk.	Page 39, line 22-Page 40, line 7: Alternatively, the number of pool members might be defined by an overall diversification optimization target or formula that may have minimum thresholds

	<p>of aggregate risk governing the maximum number of members at a given point (i.e. the ultimate goal is to build a superstructure pool with a stated optimal diversification membership of 30 members - however, because establishing a pool with so many members at the outset would result in minimal profit potential (and therefore incentive) for any single pool member, aggregate risk or revenue or profit thresholds could be defined for increasing the number of pool members until the overall optimal number is achieved).</p>
<p>48. The method of claim 1, wherein the rules include a diversification formula.</p>	<p>Page 39, line 22-Page 40, line 1: Alternatively, the number of pool members might be defined by an overall diversification optimization target or formula</p>
<p>51. The method of claim 48, wherein the diversification formula includes a covariance of returns term.</p>	<p>Page 12, line 22-Page13, line 4: A pool can thereby make meaningful diversification distinctions between each participant. Clearly, a pool comprised of all Property Casualty Insurers or all Life Insurers or all Commercial Banks will provide less true diversification than one comprised of member(s) from each financial services category. The financial strength and integrity of a given pool design becomes a core element of its market</p>

	<p>appeal. One can conceive of almost endless combinations of pre-defined slots to optimize the overall safety of the pool i.e., diversifying according to multiple criteria, including but not limited to type of institution, type of risk ordinarily taken or exposed to, geographic dispersion of risks taken, etc.</p>
<p>52. The method of claim 1, wherein the rules include a goal regarding value creation.</p>	<p>Page 17, line 20-Page 18, line 2: Because the pooling is intended to provide maximum value, utility and benefit to policyholders (or other end buyers, e.g., retail investors, financial institutions or other institutions seeking financial products such as hedges or other derivatives that ordinarily expose one or both parties to default risk), policyholders or other end-buyers can be provided with as much value as possible (e.g., highest return possible, lowest expense possible, lowest default risk possible, maximum income or other benefits possible). To that end, mathematical formulas can define profit limitations for the insurance company, counterparty and pool members.</p>
<p>57. The method of claim 1, wherein the rules include a profit limitation for the</p>	<p>Page 17, line 25-Page 18, line 4: To that end, mathematical formulas can define profit</p>

members of the pool.	limitations for the insurance company, counterparty and pool members. For example, marginal profit above a certain threshold can be progressively credited back to policyholders (or other end-buyers) according to a formula, not at the discretion of the insurance company counterparty, or guarantor.
58. The method of claim 57, wherein the profit limitation is determined by a mathematical formula.	Page 17, line 25-Page 18, line 4: To that end, mathematical formulas can define profit limitations for the insurance company, counterparty and pool members. For example, marginal profit above a certain threshold can be progressively credited back to policyholders (or other end-buyers) according to a formula, not at the discretion of the insurance company counterparty, or guarantor.
59. The method of claim 1, wherein the step of storing comprises storing a formula of relative positions of the members of the pool with regard to their shares of risk and revenue.	Page 41, lines 12-15: If a single participant, sz, has its share changed (due to any of a number of factors, including elimination from the pool), the change increases/decreases the shares of the other participants, as follows: $\text{new } S_n = \text{old } S_n + [(\text{old } s_n) \times (\text{old } S_z - \text{new } s_z) / (1 - \text{old } s_z)]$
60. The method of claim 1, wherein	Page 12, lines 4-7: The initial share of risk and

the step of storing in a computer, rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events.	revenue allocated to each wrap/financial guarantee provider must be stipulated in the legal governing agreement, along with its respective share of risk and revenue under certain triggering events in the future.
61. The method of claim 60, wherein one of said terms governs appointing a replacement pool member.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria.
62. The method of claim 60, wherein one of said terms governs adding a new slot to accommodate a new pool member.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria.
63. The method of claim 60, wherein one of said terms governs adding a new slot to accommodate a new pool member in response to the aggregate business written.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or

	other criteria.
64. The method of claim 60, further including the step of monitoring, with said computer system, compliance with the terms of the agreement.	Page 13, lines 9-12: This can only be maintained if the governing legal agreement defines the rights, obligations and relative position of each participant of the pool over time according to an unambiguous formula and if the agreement is monitored and upheld accordingly.
65. The method of claim 64, wherein the monitoring is responsive, in part, to input reports from each pool member.	Page 22, lines 21-24: The system monitoring includes monitoring the pool members, preferably with direct imports from each pool member as well as several other parties (e.g., credit ratings agencies, asset valuation services, auditors, regulators).
70. The method of claim 60, further including the step of signaling, with said computer system, to enforce the agreement.	Page 30, lines 17-19: Actions 9f handles the actions (e.g., report generation, notification, refund process, collateral adjustment, implement pre-defined rules etc).
71. The method of claim 3, wherein the step of determining the participation is according to a pre-specified criterion.	Page 23, lines 6-10: The computer support is to handle any and preferably all of the following: respective preliminary and ongoing status of a plurality of members in a superstructure pool; each superstructure pool member's share of a specified liability, guarantee or financial product according to a plurality of pre-specified criteria and/or rules

	and/or formulas as may be chosen to reflect pool requirements;
72. The method of claim 1, wherein the step of determining is carried out periodically.	Page 22, lines 11-15: By way of an example, consider a computer programmed for adjusting participation in a pool, including the steps of: forming a pool to handle a monetary obligation over a period of time; storing in a computer rules for participation in the pool over the period of time; and using the computer to carry out the step of adjusting the participation periodically within the period of time and in accordance with the rules.
73. The method of claim 3, wherein the step of determining the participation is according to a formula.	Page 11, lines 17-20: Applicant's solution resides in an overriding superstructure that governs all terms, costs and most importantly, the relative position (share of risk and revenue) of each wrap/financial guarantee provider within a plurality of wrap/financial guarantee providers according to a pre-defined, pre-agreed-to formula.
74. The method of claim 3, further including the step of notifying, with the computer system, at least one of the members of the pool regarding a change in the participation.	Page 25, lines 17-19: The present invention can encompass automated notifying, such as: notifying all members of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools and other interested parties of a change in the status of

	pool members
75. The method of claim 3, further including the step of notifying, with the computer system, at least one of the members of the pool regarding an imminent change in the participation.	Page 25, lines 9-12: Yet again, depending on the embodiment preferred for the application of interest, The computer support can extend to notifying all members of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools and other interested parties of an imminent change in the status of pool members
76. The method of claim 3, further including the step of producing a notice of a change in the participation of at least one of the members of the pool.	Page 24, line 23-Page 25, line 1: Similarly, the computer support can extend to automated tracking and reporting a change in status of any member of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools,
77. The method of claim 1, further including the step of automatically tracking, with said computer system, any pool financial liability.	Page 27, lines 20-23: the computer support can provide for automated tracking and reporting upon the financial status of all contractual obligations undertaken by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools
78. The method of claim 1, further including the step of forecasting, with said computer system, future costs of the pool.	Page 28, lines 12-15: the computer support can facilitate automated: forecasting future costs of the superstructure pool, multiple superstructure pools, or, multiple, interrelated

	superstructure pools arising from the financial guarantees, hedges or financial products it offers;
79. The method of claim 1, further including the step of calculating, with said computer system, a price charged by the pool.	Page 28, lines 15-17: calculating the price charged for the financial guarantees, hedges or financial products offered by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools,
80. The method of claim 1, further including the step of automatically testing a price corresponding to the pool.	Page 29, lines 7-11: the computer support can provide automated multiple price testing modules for the financial guarantees, hedges or financial products offered by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools or contemplated to be offered by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools.
81. Apparatus comprising: a computer system comprising a processor, an input device, an output device, and memory, the system arranged to receive in the memory rules for participation by members in a pool that handles a monetary obligation comprising a	Page 29, lines 16-17: computer systems (programmed processor, monitor, input and output devices, as discussed below) Page 22, lines 11-18: consider a computer programmed for adjusting participation in a pool, including the steps of: forming a pool to handle a monetary obligation over a period of

<p>financial liability over a period of time, wherein the rules include a requirement for at least one member to assume a larger share of the obligation in the event at least one other member's share of the obligation is reduced, wherein the processor is programmed to facilitate processing input data from the input device to produce output signals at the output device, such that the processing comprises applying the rules in determining the participation within the period of time and in accordance with the rules.</p>	<p>time; storing in a computer rules for participation in the pool over the period of time; and using the computer to carry out the step of adjusting the participation periodically within the period of time and in accordance with the rules. The adjusting of the participation can include at least one of: changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.</p> <p>Page 41, lines 12-15: If a single participant, sz, has its share changed (due to any of a number of factors, including elimination from the pool), the change increases/decreases the shares of the other participants, as follows:</p> $\text{new } S_n = \text{old } S_n + [(\text{old } s_n) \times (\text{old } S_z - \text{new } s_z) / (1 - \text{old } s_z)]$
<p>82. The apparatus of claim 81, wherein said rules include at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining the participation comprises determining membership in the pool.</p>	<p>Page 12, lines 17-21: the agreement must stipulate in advance the share each of the remaining wrap/financial guarantee providers will inherent from the vacant slot. The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a</p>

	vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria. The governing agreement can further define the type of company or entity that is eligible for each slot in the pool.
83. The apparatus of claim 81, wherein said determining the participation comprises determining responsibility for the financial liability of at least one said member of the pool.	Page 22, lines 17-21: The adjusting of the participation can include at least one of: changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.
84. The apparatus of claim 81, wherein said determining the participation comprises determining responsibility for the financial liability by the pool.	Page 22, lines 17-21: The adjusting of the participation can include at least one of: changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.
85. The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a financial product.	Page 17, lines 20-23: Because the pooling is intended to provide maximum value, utility and benefit to policyholders (or other end buyers, e.g., retail investors, financial institutions or other institutions seeking financial products such as hedges or other

	derivatives that ordinarily expose one or both parties to default risk),
115. The apparatus of claim 81, wherein the rules include requirements regarding credit ratings of pool members.	Page 31, lines 5-8: minimum criteria for maintaining membership in the pool may require a certain rating, e.g., an S&P A rating. Daily monitoring may lead to automatic expulsion depending on the rules, or there may be a default such as putting up more collateral, such as 100% of the share of risk.
116. The apparatus of claim 81, wherein the rules for include requirements regarding collateral status of pool members.	Page 23, lines 11-13: each superstructure pool member's collateral status and to compute an applicable adjustment, i.e., increase or decrease, according to a pre-specified criteria and/or rules and/or formulas as may also be chosen to reflect the pool requirements;
117. The apparatus of claim 81, wherein the rules include requirements regarding revenues of pool members.	Page 11, lines 17-20: Applicant's solution resides in an overriding superstructure that governs all terms, costs and most importantly, the relative position (share of risk and revenue) of each wrap/financial guarantee provider within a plurality of wrap/financial guarantee providers according to a pre-defined, pre-agreed-to formula.
118. The apparatus of claim 81, wherein the rules include requirements	Page 23, lines 13-16: to apportion each superstructure pool member's share of

regarding profits of pool members.	liability, profit, etc., according to pre-specified criteria and/or rules and/or formulas as may also be chosen to reflect the pool requirements;
119. The apparatus of claim 81, wherein the rules include at least one requirement of diversification.	Page 13, lines 1-4: One can conceive of almost endless combinations of pre-defined slots to optimize the overall safety of the pool i.e., diversifying according to multiple criteria, including but not limited to type of institution, type of risk ordinarily taken or exposed to, geographic dispersion of risks taken, etc.
120. The apparatus of claims 115 – 119, wherein one said rule comprises a pre-specified criterion.	Page 23, lines 20-23: to track or monitor each superstructure pool member's adherence to pre-specified criteria and/or rules and/or formulas and to determine an action according to its findings based on a single component of criteria within the plurality of criteria;
121. The apparatus of claim 81, wherein the determining is responsive, at least in part, to an event.	Page 12, lines 4-7: The initial share of risk and revenue allocated to each wrap/financial guarantee provider must be stipulated in the legal governing agreement, along with its respective share of risk and revenue under certain triggering events in the future.
122. The apparatus of claims 115 –	Page 12, lines 7-9: For example, if anyone of

119, wherein one said rule comprises a formula.	the wrap/financial guarantee providers is downgraded by a specified rating agency (or agencies), its share of risk and revenue is automatically adjusted according to a pre-defined formula.
123. The apparatus of claim 119, wherein the at least one requirement of diversification includes a specified reduction in diversifiable risk.	Page 39, line 22-Page 40, line 7: Alternatively, the number of pool members might be defined by an overall diversification optimization target or formula that may have minimum thresholds of aggregate risk governing the maximum number of members at a given point (i.e. the ultimate goal is to build a superstructure pool with a stated optimal diversification membership of 30 members - however, because establishing a pool with so many 5 members at the outset would result in minimal profit potential (and therefore incentive) for any single pool member, aggregate risk or revenue or profit thresholds could be defined for increasing the number of pool members until the overall optimal number is achieved).
128. The apparatus of claim 81, wherein the rules include a formula of diversification.	Page 39, line 22-Page 40, line 1: Alternatively, the number of pool members might be defined by an overall diversification optimization target or formula

<p>131. The apparatus of claim 128, wherein the formula of diversification includes a covariance of returns term.</p>	<p>Page 12, line 22-Page 13, 4: A pool can thereby make meaningful diversification distinctions between each participant. Clearly, a pool comprised of all Property Casualty Insurers or all Life Insurers or all Commercial Banks will provide less true diversification than one comprised of member(s) from each financial services category. The financial strength and integrity of a given pool design becomes a core element of its market appeal. One can conceive of almost endless combinations of pre-defined slots to optimize the overall safety of the pool i.e., diversifying according to multiple criteria, including but not limited to type of institution, type of risk ordinarily taken or exposed to, geographic dispersion of risks taken, etc.</p>
<p>132. The apparatus of claim 81, further including, in the input data, a goal regarding value creation, and wherein the processing produces an application of the goal.</p>	<p>Page 17, line 20-Page 18, line 2: Because the pooling is intended to provide maximum value, utility and benefit to policyholders (or other end buyers, e.g., retail investors, financial institutions or other institutions seeking financial products such as hedges or other derivatives that ordinarily expose one or both parties to default risk), policyholders or</p>

	other end-buyers can be provided with as much value as possible (e.g., highest return possible, lowest expense possible, lowest default risk possible, maximum income or other benefits possible). To that end, mathematical formulas can define profit limitations for the insurance company, counterparty and pool members.
137. The apparatus of claim 81, wherein the rules comprise a profit limitation for pool members.	Page 17, line 25-Page 18, line 4: To that end, mathematical formulas can define profit limitations for the insurance company, counterparty and pool members. For example, marginal profit above a certain threshold can be progressively credited back to policyholders (or other end-buyers) according to a formula, not at the discretion of the insurance company counterparty, or guarantor.
138. The apparatus of claim 137, wherein the profit limitation is determined by a formula.	Page 17, line 25-Page 18, line 4: To that end, mathematical formulas can define profit limitations for the insurance company, counterparty and pool members. For example, marginal profit above a certain threshold can be progressively credited back to policyholders (or other end-buyers) according to a formula, not at the discretion of the

	insurance company counterparty, or guarantor.
139. The apparatus of claim 81, wherein the rules comprise a formula governing a respective relative position of each of the members of the pool with regard to their shares of risk and revenue.	Page 41, lines 12-15: If a single participant, sz, has its share changed (due to any of a number of factors, including elimination from the pool), the change increases/decreases the shares of the other participants, as follows: $\text{new } S_n = \text{old } S_n + [(\text{old } s_n) \times (\text{old } S_z - \text{new } s_z) / (1 - \text{old } s_z)]$
140. The apparatus of claim 81, wherein the rules comprise terms of an agreement, along with its respective share of risk and revenue under certain triggering potential future events.	Page 12, lines 4-7: The initial share of risk and revenue allocated to each wrap/financial guarantee provider must be stipulated in the legal governing agreement, along with its respective share of risk and revenue under certain triggering events in the future.
141. The apparatus of claim 140, wherein one of the terms governs appointing a replacement pool member.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria.
142. The apparatus of claim 140, wherein one of the terms governs adding a new slot to accommodate a new pool member.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new

	slots and wrap/financial guarantee providers according to the aggregate business written or other criteria.
143. The apparatus of claim 142, said one of the terms is responsive to aggregate business written.	Page 12, lines 17-20: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria.
144. The apparatus of claim 140, wherein the computer system is programmed to facilitate monitoring compliance with the agreement.	Page 13, lines 9-12: This can only be maintained if the governing legal agreement defines the rights, obligations and relative position of each participant of the pool over time according to an unambiguous formula and if the agreement is monitored and upheld accordingly.
145. The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from each pool member.	Page 22, lines 21-24: The system monitoring includes monitoring the pool members, preferably with direct imports from each pool member as well as several other parties (e.g., credit ratings agencies, asset valuation services, auditors, regulators).
150. The apparatus of claim 140, wherein the output signals signal to enforce the agreement.	Page 30, lines 17-19: Actions 9f handles the actions (e.g., report generation, notification, refund process, collateral adjustment,

	implement pre-defined rules etc).
151. The apparatus of claim 83, wherein the determining comprises determining according to a pre-specified criterion.	Page 23, lines 6-10: The computer support is to handle any and preferably all of the following: respective preliminary and ongoing status of a plurality of members in a superstructure pool; each superstructure pool member's share of a specified liability, guarantee or financial product according to a plurality of pre-specified criteria and/or rules and/or formulas as may be chosen to reflect pool requirements;
152. The apparatus of claim 83, wherein the computer is programmed to periodically carry out the determining.	Page 22, lines 11-15: By way of an example, consider a computer programmed for adjusting participation in a pool, including the steps of: forming a pool to handle a monetary obligation over a period of time; storing in a computer rules for participation in the pool over the period of time; and using the computer to carry out the step of adjusting the participation periodically within the period of time and in accordance with the rules.
153. The apparatus of claim 83, wherein the determining comprises carrying out the determining according to a formula.	Page 11, lines 17-20: Applicant's solution resides in an overriding superstructure that governs all terms, costs and most importantly, the relative position (share of risk and revenue) of each wrap/financial guarantee

	provider within a plurality of wrap/financial guarantee providers 20 according to a pre-defined, pre-agreed-to formula.
154. The apparatus of claim 83, wherein the output signals are output so as to notify at least one member of the pool regarding a change in the participation of said at least one member of the pool.	Page 25, lines17-19: The present invention can encompass automated notifying, such as: notifying all members of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools and other interested parties of a change in the status of pool members
155. The apparatus of claim 83, wherein the output signals are output so as to notify at least one member of the pool regarding an imminent change in the participation of said at least one member of the pool.	Page 25, lines 9-12: Yet again, depending on the embodiment preferred for the application of interest, The computer support can extend to notifying all members of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools and other interested parties of an imminent change in the status of pool members
156. The apparatus of claim 83, wherein the output signals are output so as to notify a non-member regarding a change in the participation of at least one member of the pool.	Page 25, lines 17-19: The present invention can encompass automated notifying, such as: notifying all members of a superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools and other interested parties of a change in the status of pool members
157. The apparatus of claim 81,	Page 27, lines 20-23: the computer support

wherein the processing comprises tracking to report on the financial liability of the pool.	can provide for automated tracking and reporting upon the financial status of all contractual obligations undertaken by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools
158. The apparatus of claim 81, wherein the processing comprises forecasting future costs of the pool.	Page 28, lines 12-15: the computer support can facilitate automated: forecasting future costs of the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools arising from the financial guarantees, hedges or financial products it offers;
159. The apparatus of claim 81, wherein the processing comprises calculating a price charged by the pool.	Page 28, lines 15-17: calculating the price charged for the financial guarantees, hedges or financial products offered by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools,
160. The apparatus of claim 81 wherein the processing comprises price testing.	Page 29, lines 7-11: the computer support can provide automated multiple price testing modules for the financial guarantees, hedges or financial products offered by the superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools or contemplated to be offered by the

	superstructure pool, multiple superstructure pools, or, multiple, interrelated superstructure pools.
<p>161. Apparatus comprising:</p> <p>a computer system comprising a processor, an input device, an output device, and memory, the system arranged to receive in the memory rules for participation by members in a pool that assumes a monetary obligation comprising a financial liability over a period of time, wherein the rules include at least one rule to appoint at least one new member to replace a member leaving the pool, and wherein the processor is programmed to facilitate processing input data from the input device to produce output signals at the output device, such that the processing comprises applying the rules in determining the participation within the period of time and in accordance with the rules.</p>	<p>Page 29, lines 16-17: And computer systems (programmed processor, monitor, input and output devices, as discussed below) 4a, 4b, 4c through 6</p> <p>Page 22, lines 16-17: By way of an example, consider a computer programmed for adjusting participation in a pool, including the steps of: forming a pool to handle a monetary obligation over a period of time; storing in a computer rules for participation in the pool over the period of time; and using the computer to carry out the step of adjusting the participation periodically within the period of time and in accordance with the rules. The adjusting of the participation can include at least one of: changing membership in the pool, changing responsibility for the obligation respectively for a member of the pool, changing responsibility for the obligation for the pool, and any combination thereof.</p>

	<p>Page 12, lines 17-21: The agreement can also stipulate the process and terms for appointing a replacement wrap/financial guarantee provider (for a vacant slot) or for adding new slots and wrap/financial guarantee providers according to the aggregate business written or other criteria. The governing agreement can further define the type of company or entity that is eligible for each slot in the pool.</p>
<p>162. The method of claim 41, wherein the event is a change in a credit rating.</p>	<p>Page 12, lines 7-9: For example, if anyone of the wrap/financial guarantee providers is downgraded by a specified rating agency (or agencies), its share of risk and revenue is automatically adjusted according to a pre-defined formula.</p>
<p>166. The apparatus of claim 121, wherein the event is a change in a credit rating.</p>	<p>Page 12, lines 7-9: For example, if anyone of the wrap/financial guarantee providers is downgraded by a specified rating agency (or agencies), its share of risk and revenue is automatically adjusted according to a pre-defined formula.</p>

V. Grounds for Rejection to Be Reviewed on Appeal

A. Whether claims 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166 are unpatentable under 35 U.S.C. Sec. 103 based on U.S. Patent No. 6,119,093 (Walker) in view of "Partnerships: if There's a Beginning... There's an End" *The National Public Accountant* (McCord) , vol. 37, no. 4, page 18, April 1992.

B. Whether claims 36-39, 43, 48, 52, 116-119, 123, 128, and 132 under 35 U.S.C. 103(a) are unpatentable under 35 U.S.C. Sec. 103 based on U.S. Patent No. 6,119,093 (Walker) in view of McCord et al. ("Partnerships: If There's a Beginning ...There's an End." *The National Public Accountant*, vol. 37, no. 4, page 18, April 1992"), and further in view of King et al. (U.S. Patent No. 5,704,045).

C. Whether claims 51 and 131 under 35 U.S.C. 103(a) are unpatentable under 35 U.S.C. Sec. 103 based on U.S. Patent No. 6,119,093 (Walker) in view of McCord et al. ("Partnerships: If There's a Beginning ...There's an End." *The National Public Accountant*, vol. 37, no. 4, page 18, April 1992"), and further in view of King et al. (U.S. Patent No. 5,704,045), and still further in view of Kale et al. (U.S. Patent No. (7,050,998).

VI. Argument

A. Grouping of Claims

For the rejections made pursuant to Sec. 103, the claims are grouped as set forth below:

Group 1. Claims: 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166.

Group 2. Claims 2 and 82.

Group 3. Claims 3, 4, 71, 73-76, 83, 84, 151, and 153-156.

Group 4. Claims 42, 48, 59, 73, 122, 128, 139 and 153

Group 6. Claim 60-65, 70, 140-145 and 150

Group 7: Claims 61 and 141

- Group 8: Claims 35-40, 42-43, 115-120, and 122-123
- Group 9: Claims 51 and 131
- Group 10: Claims 77 and 157
- Group 11: Claims 78 and 158
- Group 12: Claims 79 and 159
- Group 13: Claims 80 and 160

B. Legal Standard

The objective analysis for determining obviousness under 35 U.S.C. Sec. 103 is stated in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966). Obviousness is a question of law based on underlying factual inquiries. The factual inquiries enunciated by the Court include ascertaining the differences between the claimed invention and the prior art. When determining whether a claim is obvious, an examiner must make “a searching comparison of the claimed invention – *including all its limitations* – with the teaching of the prior art.” *In re Ochiai*, 71 F.3d 1565, 1572 (Fed. Cir. 1995) (emphasis added). Thus, “obviousness requires a suggestion of all limitations in a claim.” *CFMT, Inc. v. Yieldup Intern. Corp.*, 349 F.3d 1333, 1342 (Fed. Cir. 2003) (citing *In re Royka*, 490 F.2d 981, 985 (CCPA 1974)).

C. Claim Groupings

- Group 1: The Rejections of all pending claims, including 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166 Under Sec. 103 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because At Least One Claim Element Has Not Been Shown in the Cited Art**

1. Overview

All rejections are based on this error. The Examiner erroneously finds, at page 4 of the Final Rejection, that “Walker discloses... forming a pool to handle a monetary obligation that is a financial liability over time.” This finding is unfounded because the Examiner has confused statements in the Background of the Invention with Walker’s invention. Walker’s Background of

the Invention mentions (col. 1, lines 24-28) a Lloyd's of London as an example of an insurance syndicate. However, Walker's invention is "a syndicated sale of an insurance policy" via "a share in the underwriting of the insurance policy" to "a potential buyer" (Abstract). A share is an investment interest, and because the individual investors *act individually* (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66) they are not participants in a pool. A pool is not the same as individuals acting individually, e.g., individuals coming and going for lunch at a diner does not make a pool. Therefore, there is no teaching in Walker of Applicant's claimed determining participation in a pool... (including) forming a pool to handle a monetary obligation that is a financial liability over time or any of the other claim elements directed to determining the participation or to the pool.

Note too that the claim must be considered as a whole, and with a focus on the features of the determining participation in a pool, claim 1 specifies

1. A computer-aided method of determining participation in a pool, the method including the steps of:
 - forming a pool to handle a monetary obligation that is a financial liability over a period of time;
 - storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation; and
 - applying the rules, with the computer system, to carry out the step of determining the participation within the period of time.

Because Walker does not disclose forming a pool to handle a monetary obligation that is a financial liability over a period of time, Walker cannot disclose rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation or applying the rules...to carry out the step of determining the participation (in the pool) within the period of time. Walker teaches none of the claim elements.

In the Final rejection, starting at page 5, the Examiner does not contend that McCord or King or Kale teaches forming a pool to handle a monetary obligation that is a financial liability

over time, and indeed, none of them discloses this claim element. From this lack of disclosure, other claim elements directed to determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over a period of time are not disclosed either, with erroneous findings building upon each other and compounding. In the end, there being no disclosure in the cited art of at least one claim element, the rejections are improper for failing to establish a *prima facie* case of obviousness.

Yet further, because Walker teaches that the investors act individually, rather than in a partnership, the teachings of Walker are inconsistent with the partnership of McCord. Thus, the proposed modification of Walker or combination with McCord poses the contradiction between investors acting as individuals and partners acting within a partnership, rendering each of Walker and McCord inoperable for the explicit, respective purposes of the other. Even if the combination were valid, McCord does not teach Applicant's claim element either.

In any case, the cited art, alone or in combination, does not teach the claimed determining participation in a pool... (including) forming a pool to handle a monetary obligation that is a financial liability over time or any of the claim elements about the pool with consideration of the claim as a whole. The Examiner simply got confused between the Walker Background of the Invention and the Walker Invention set out thereafter.

2. The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

a. The Examiner's Finding Based on Walker is in Error Because Walker Does Not Disclose the Claimed computer-aided method of determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over a period of time

Claim 1, representatively, is directed to a computer-aided method of determining participation in a pool and the first element is forming a pool to handle a monetary obligation that is a financial liability over a period of time.

The Examiner erroneously finds, at page 4 of the Final Rejection, that “Walker discloses... forming a pool to handle a monetary obligation that is a financial liability over time.”

As indicated in the preceding “Overview,” Walker does not disclose this claim element, but rather is directed to a method by which one or more insurance companies can syndicate (sell) shares (investment interests) in one or more insurance policies to individual investors acting individually. That is, Walker teaches “a syndicated sale of an insurance policy” via “a share in the underwriting of the insurance policy” to “a potential buyer” (Abstract). A share is an investment interest, and because the individual investors *act individually* (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66) the investors act are not participants in a pool as claimed.

Because of the importance of the fact that Walker discloses investors acting individually (i.e., no pool is formed and the investors are not participants in a pool or in a partnership), it is valuable to consider the explicit teachings on this point set out in Walker. The Examiner’s finding is in error, Walker does not teach this claim element, and therefore, the Examiner failed to establish a *prima facie* case of obviousness.

i. There is no pool in Walker Because Walker Instead Teaches That Each Investor Acts Individually, at Col. 4, Line 61-Col. 5, Line 28, with Respect to Figure 1

The Board’s attention is respectfully drawn to Figure 1 of Walker, which is reproduced below.

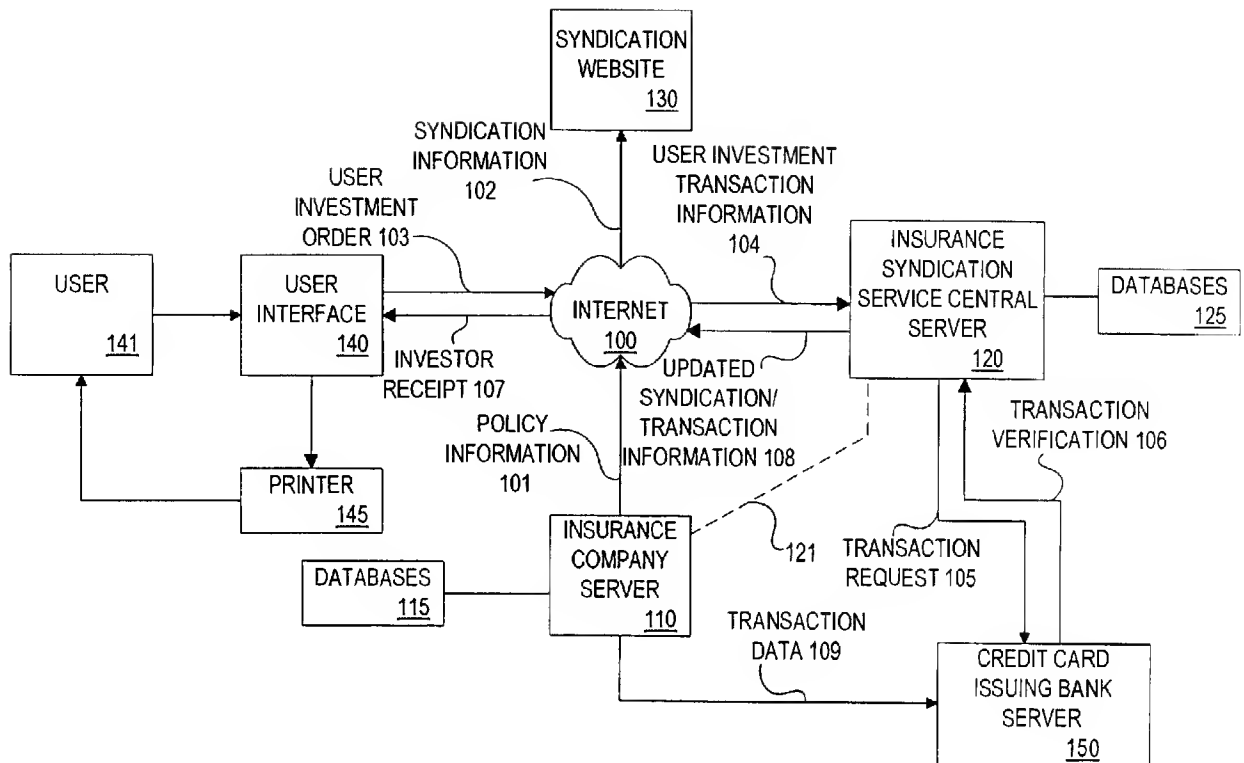


FIG. 1

With respect to Figure 1, Walker col. 4, line 61-col. 5, line 28, establishes that each investor acts individually and that the "syndication server" deals with each investor as an individual as follows:

A user (investor) 141 connects to the insurance syndication website 130 on the Internet 100 through a conventional user interface 140. At the website 130 are listings of all insurance policies which are offered in syndication. The user browses the various policies and picks one or more he is interested in as an investment. Using the conventional interface 140, the user enters his investment order 103; the order includes the policy number, the amount of the policy the user wishes to invest in, the terms of the investment (time period, etc.), and other restrictions. The user also enters his credit card number, expiration date and personal information, including his electronic mail ("e-mail") address. He then directs his investment order, including the information he has entered, to be transmitted to the insurance syndication central server 120 via the Internet.

The syndication central server 120 receives the user investment transaction information 104 including: a policy number, amount of the policy purchased in syndication, user information, credit card type and number, and expiration date. The syndication central server 120 then processes a credit card transaction, requesting a freeze on a portion of the user's unused credit line for the amount of the risk assumed in purchasing *an investment interest in the segment of the policy*. The credit card

transaction request 105 is transmitted to a server 150 maintained by the credit card issuing bank. The credit card company verifies that the user has the requested amount of risk available (in the form of unused credit line) and sends verification 106 to the syndication central server 120 that the amount has been frozen for the term of the policy investment. (It should be noted that credit line freezes are usually for a maximum of 30 days. If the terms of the investment mandate a longer period, the syndication service must specify the period of time for which the credit line should be frozen or periodically submit a new transaction request extending the freeze.)

Appellant has added the italicized “*an investment interest in*” to (col. 8, line 16) of Walker to reflect the fact that an insurance policy is a contract between the insured and the insurer. It is not possible for an insurance company to sell a portion of an insurance policy that the company has underwritten. The insurance company may purchase reinsurance on policies that it has written in order to cede a portion of its underwritten risk, but the ceding insurance company retains 100% liability for all of the policies that the company has underwritten. If one or more of its reinsurers fail to fulfill obligations to the ceding insurer, it in no way relieves the ceding insurer from its obligations to the policyholder. If the ceding insurer is placed under an order of insolvency or rehabilitation, all its assets are seized and the existence of reinsurance does not improve the policyholder's outcome. During insolvency any proceeds derived from reinsurance must be treated like any other asset owned by the insurer. The state's appointed conservator must, by law, apportion all assets according to the priority of each class of policyholder set forth under domiciliary state law. So what Walker discloses is, in effect, a different method for insurance companies to shift a portion of underwritten risk (similar to obtaining reinsurance) by offering investment interests in individual policies to individual investors (acting individually).

Walker does not disclose a computer-aided method of determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over time, but just individual investors, acting individually, to buy individual shares. Therefore, the Examiner failed to establish a *prima facie* case of obviousness.

- ii. **There is no pool in Walker Because Walker Instead Teaches That Each Investor Acts Individually, at Col. 7, Lines 7-23 With Respect to Figure 3d**

Attention is drawn to Figure 3d of Walker, which is reproduced below.

INVESTOR (BY POLICY)
DATABASE 340



POLICY NUMBER 327	INVESTOR ID NUMBER 341	RISK ASSUMED (NUMBER) 342	RISK ASSUMED (%) 343	PREMIUM RECEIVED NUMBER 344	PREMIUM RECEIVED (%) 345	CREDIT CARD NUMBER 346	CREDIT CARD TYPE 347
365BZ	1234	\$3,000.00	1%	\$20.00	1%	4028 6041 4231 9876	VISA
365BZ	2345	\$3,000.00	1%	\$20.00	1%	4028 6321 9846 4382	VISA
365BZ	3456	\$3,000.00	1%	\$20.00	1%	6141 3210 9765 4284	AMEX

AMOUNT OF CREDIT FROZEN 348	LENGTH OF FREEZE 349	CREDIT CARD ISSUING BANK 351
\$3,000.00	12 MOS. 3/1/98	CITIBANK
\$3,000.00	36 MOS. 2/26/00	FLEET
\$3,000.00	36 MOS. 3/1/00	CHASE

FIG. 3d

Walker, at col. 7, lines 7-23, establishes computer support for individual investors acting individually, as follows:

"FIG. 3d shows the fields in the investor (by policy) database 340. In this database, an individual policy may have multiple entries, one for each investor in that policy. An entry thus has the policy ID number 341. Associated with the ID numbers are the amount of risk 342 under the policy assumed by the investor, the amount 344 of the premium on that policy received by the investor from each premium payment, the percentage 345 of the premium received by the investor, the credit card number 346 and credit card type 347 used by the investor in connection with that policy, the amount of credit 348 on the credit card account that has been frozen, the length 349 of the credit freeze (which may or may not correspond to the length of the policy coverage, depending on the terms of the investment), and the name of the credit card issuing bank 351."

Here too, Walker does not disclose a computer-aided method of determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over time forming a pool to handle a monetary obligation that is a financial liability over time, but just

individual investors, acting individually, to buy individual shares. Note especially element 349 of Figure 3d, which shows individual investors having made investments with differing durations and differing expiration dates, thus clearly establishing that the investors are acting independently, are not interdependent upon one another, and are *not*, as asserted by the Examiner, members of a pool (or even as a partnership). Therefore, the Examiner failed to establish a *prima facie* case of obviousness.

iii. **There is no pool in Walker Because Walker Instead Teaches Each Investor Acts Individually, at Col. 8, Line 37-66, With Respect to Figure 6a**

With respect to Figure 6a, Walker teaches that the individual investors act individually.

**INSURANCE SYNDICATION
WEBSITE**

601	UNDERWRITER	LLOYD'S OF LONDON
321	TYPE OF COVERAGE	KIDNAP/HOMICIDE
327	POLICY NUMBER	876CB
602	PERCENTAGE OF SEGMENT FOR SALE	75%
603	PREMIUM IN SYNDICATION (MONTHLY)	\$417.00
331	RISK ASSUMED	\$100,000.00
605	RISK PROFILE	LOW
606	LENGTH OF COVERAGE PERIOD	36 MOS
607	REMAINING INVENTORY	75%
608	CLICK HERE FOR POLICY DESCRIPTION	
609	LINK TO ORDER FORM	

FIG. 6a

Walker col. 8, lines 37-66 details computer support for the individual investors acting

individually, stating:

"FIG. 6a shows an example of a posting 600 of policy information 101 with syndication information 102 on the syndication website 130. The posting includes the underwriter name 601, the type of coverage 321 and the policy number 327. Also included is the percentage of the total risk offered for sale in syndication 602, the monthly premium 603, the risk assumed in the syndication 331, a statement of the level of risk (risk profile 605), the length of the coverage period 606 and *the remaining percentage of the total risk available for sale (remaining inventory 607)*. The monthly premium 603 and length of coverage period 606 can be calculated from the annual premium 323 and start/end date of coverage 325. The user 141 can view a more complete description of the policy by clicking box 608, or *proceed to place an investment order by clicking box 609*.

FIG 6b is an example of a web page 620 filled in by a user (investor) 141 to submit *an order for a syndicated portion of a policy*. The investor enters his name 481, postal mailing address 482, phone number 483, e-mail address 484 and credit card information 485 (including the credit card type and number, issuing bank and expiration date) on the order form. This information is added to the investor (by name) database 480 of the syndication central server. The policy number 327 and monthly premium 603 are copied from the display 600 of the policy information. The investor indicates the percentage 343 of the total risk 331 he wishes to assume and the length of time for which he wishes to invest (length of credit freeze 349), and then clicks box 621 to submit his investment order." (*Italics for emphasis added by Appellant*)

Here too, Walker does not disclose a computer-aided method of determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over time forming a pool to handle a monetary obligation that is a financial liability over time, but just individual investors, acting individually, to buy individual shares. Note especially element 607 (Remaining Inventory) of Fig. 6a. The existence of "Remaining Inventory" is the result of individual investors acting independently. Under Walker, the remaining inventory would remain 100% if there were no takers/investors at all. Or there could be only one, individual taker/investor, in which case there could be no pool. In addition, the existence of "Remaining Inventory" makes clear that any risk not reinsured through sale of investment interests to the investors remains a liability of the issuing insurance company that has not been reinsured through sale of investment interests to investors. Therefore, the Examiner failed to establish a *prima facie* case of obviousness.

iv. The Examiner Confuses the Background of the

Invention with the Walker Invention

The Examiner makes an erroneous finding, at page 4 of the Final Rejection, by confusing the Background of the Invention with Walker's invention.

As to Walker's invention, attention is drawn to the *italicizing* in the immediately above-quoted portions of Walker (col. 8, lines 45-46 and col. 8, lines 50-51), which has been used to focus on Walker's use of the terms "syndication" and "syndicated", which have a meaning consistent with the use of these terms as used in broadcasting. In broadcasting, syndication is the sale of the right to broadcast radio shows and television shows to multiple individual stations and a syndicated show is a show with rights to broadcast sold to multiple individual stations. One of ordinary skill in the art would know that in finance it is not uncommon to similarly use the term "syndication" to mean the process by which an investment is offered for sale to investors and that a syndicated investment is an investment that is being offered for sale to investors – with no restriction other than possession of the means to purchase the investment, unless the offering is a "private placement," – in which case only "qualified" (satisfying certain legal requirements regarding income and/or net worth) are legally allowed to purchase the investment.

Taken together, the above-quoted sections from Walker make it clear that in the Walker method, "syndication" of an insurance policy means the "sale of investment interests in the policy to multiple individual investors" and the "syndicated portion of a policy" means "that portion of the policy in which investment interests have been sold to multiple individual investors." See the Walker Abstract. In the Walker method, the investment interests are purchased by individual investors that act independently. Walker does *not* disclose that the investors form a pool and does *not* disclose that they form a syndicate (a group formed to transact some specific business).

In the rejections, the Examiner, at page 4 of the Final Rejection, mixes apples and oranges by thinking that the Background of the Invention is the same as the Walker method. In the Final Rejection, at page 4, the Examiner contends that

"Walker discloses a computer-aided method of determining participation in a pool, the method including the steps of: [claim 1] forming a pool to handle a monetary obligation that is a financial liability over a period of time (*col. 1, lines 14-24 "In an insurance syndicate, a group of individual investors each pledge to insure against a portion of the risk specified in one or more insurance policies in return for a share of the premiums"* – col 13, lines 35-39 – "if the policy is in syndication with existing investors, (that is, there are investors to whom a portion of the premium should be paid) the central controller 201 queries the investor (by policy) database 340 for the corresponding investor identification (step 1308)" Col. 14, lines 1-7.

But the *italicized* portion refers to the Background of the Invention, and is not the same as Walker's invention, which is discussed in Walker at Col. 13, and the Examiner errors by imagining that they are the same.

That is, in the Background of the Invention, Walker discloses (col. 1, lines 14-24) the existence of insurance syndicates as a group formed to insure (not purchase investment interests) a portion of a risk specified in one or more insurance policies. Walker also mentions (col. 1, lines 24-28) Lloyd's of London as an example of an insurance syndicate. However, the Walker invention is *not* the method of an insurance syndicate such as Lloyd's but rather, a method for the sale of investment interests in a (portion) of an insurance policy to multiple individual investors. See, e.g., Walker at col. 13, lines 35-39. Walker does not disclose the sale of investment interests to a syndicate formed to purchase the investment interests, but rather, the sale of interests to individual investors, i.e., not a pool.

Therefore, it is improper for the Examiner to fail (page 4 of the Final Rejection) to distinguish the Background of the Invention (col. 1, lines 14-24) from the Walker invention, e.g., at col. 13, lines 35-39.

So as to the Examiner's above-quoted contention, given that Walker's invention is not the Background of the Invention, i.e., at col. 1, lines 14-24 ("In an insurance syndicate, a group of individual investors each pledge to insure against a portion of the risk specified in one or more insurance policies, in return for a share of the premiums.") but rather is a computer-aided method by which one or more insurance companies can syndicate (sell) shares (investment interests) in

one or more insurance policies to individual investors acting individually (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66), it follows that Walker does *not* disclose forming a pool to handle a monetary obligation that is a financial liability over time because no pool is formed when individual investors act independently. The Examiner, at page 4 of the Final Rejection, erred by thinking that the Background of the Invention and the Walker invention are the same.

- b. **The Examiner's Finding Based on Walker is in Error Because Walker Does Not Disclose the Claimed computer-aided method of determining participation in a pool (including) storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation**

Given that Walker does not teach the claimed a computer-aided method of determining participation in a pool (including) forming a pool to handle a monetary obligation that is a financial liability over a period of time, it would make no sense for Walker to be storing, in a computer system, rules for member participation in the (nonexistent) pool.

In the Final Rejection, at pages 4-5, with respect to the claimed storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation, the Examiner finds (first):

(col. 5, lines 9-43 - The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.")...

However, this finding is in error because this quote is not a disclosure of the claimed rules for member participation in the pool but rather a purchase requirement that must be satisfied for an investor to continue to own an individual investment interest in an insurance policy. The cited support is analogous to the requirement that if I use my credit card to purchase a television, the card must be a valid card in my name with sufficient remaining unused credit to make the

purchase. It is not a disclosure of rules (plural) for member participation in the pool and thus the Examiner's finding is in error.

The Examiner also finds, at pages 4-5 of the Final Rejection, (second) that

The terms of the policy are part of the contract information and this information is maintained by the syndication central server...

This finding also is in error because, contrary to the Examiner's finding, the terms of the insurance policy stored in the central syndication server do not constitute rules for member participation in the pool. The Examiner's findings are in error, and therefore, the Examiner failed to establish a *prima facie* case of obviousness.

c. The Examiner's Finding Based on Walker is in Error Because Walker Does Not Disclose the Claimed computer-aided method of determining participation in a pool (including) applying the rules, with the computer system, to carry out the step of determining the participation within the period.

Given that no pool is formed and that there is no storing, in a computer system, of rules for member participation in the (nonexistent) pool, there can be no applying of the (nonexistent) rules, with the computer system, to carry out the step of determining the (nonexistent) participation within the period of time.

In the Final Rejection, at page 5, with respect to the claimed computer-aided method of determining participation in a pool (including) applying the rules, with the computer system, to carry out the step of determining the participation within the period, the Examiner finds that this is disclosed in Walker as follows:

(col. 5, lines 9-43 - The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.")

However, the Examiner's finding is *not* an example of applying the rules (i.e., antecedent basis: rules for member participation in the pool) but rather, in the singular, a purchase requirement that must be satisfied for a single investor to continue to own an individual investment interest in an

insurance policy, as discussed above. Indeed, there may only be one individual electing to purchase an investment under Walker. Even if this were somehow construed as a rule, it is clearly singular, and the claim specifies rules plural. In sum, the Examiner errors, at page 5 of the Final Rejection, in finding that Walker discloses computer-aided method of determining participation in a pool (including) applying the rules, with the computer system, to carry out the step of determining the participation within the period. Therefore, the Examiner failed to establish a *prima facie* case of obviousness.

- d. Neither Walker Nor McCord disclose that the rules, that are the subject of the applying, include a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation

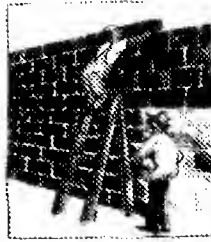
At pages 5-7, Examiner attempts to combine McCord with the method of Walker.

Consider the above-provided excerpt from Walker with the following of McCord

Partnerships:

If There's A Beginning...

...There's An End



Planning
Ahead
For
Dissolution

"Partnership dissolution will eventually arise because one or more partners becomes deceased, is coerced to withdraw by other partners or may simply desire to end the partnership for personal reasons. At dissolution, the partnership may be fully liquidated, may be sold to other investors or may be continued as a new partnership

including remaining partners with or without new partners.

If assets are liquidated, the proceeds are generally used to retire debt and the balance (equity) is distributed among partners. If the partnership is sold to other investors, the proceeds from the sale are distributed to partners because new investors usually take over existing debt.” (McCord at page 18, Col. 2-Page 19, Col. 1)

In the Final Rejection, at page 5, the Examiner concedes that Walker does not explicitly disclose that the applied rules include a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation. Instead, the Examiner relies on the above-quoted portion of McCord. However, the finding is in error because, as the Board can see, this quote from McCord does not disclose that the applied rules include a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation. So, in view of the Examiner conceding that Walker does not disclose the claim element and the Board seeing that McCord does not disclose the claim element, no combination of the cited art discloses all claim elements, and the Examiner failed to establish a *prima facie* case of obviousness.

e. Combination of Walker and McCord – Improper Reason To Combine or Modify

Recognizing that even though the combination does not disclose the claim element, and that many claim elements are not disclosed, nonetheless, there also is error in that there is no proper reason to combine or modify Walker and McCord to reach the claimed invention.

i. Examiner’s Finding of “Analogous” Is Unfounded

At page 6 of the Final Rejection, the Examiner finds that

McCord’s describes partnerships as being formed of partners who share in ownership of the debt and equity of the partnership. This is analogous to Walker’s insurance syndicate in which members of the syndicate pool their financial resources together in case an insurance policy needs to be paid out (while reaping the benefit of income from related premiums)

This finding is erroneous because it is premised upon the Examiner’s confusing the

Walker Background of the Invention with the Walker invention, which is discussed subsequent to his Background.

The insurance syndicate the Examiner is referring to (page 6 of the Final Rejection) in the above-quoted reason to combine is the insurance syndicate listed in the Walker Background of the Invention (col. 1, lines 14-17: "In an insurance syndicate, a group of individual investors each pledge to insure a portion of risk specified in one or more insurance policies, in return for a share of the premiums". Whereas Walker's invention is directed to "... a syndicated sale of an insurance policy... (as) a share in the underwriting of the insurance policy" (Abstract; see also Col. 3, lines 9-15). Besides, an insurance syndicate describes a plurality of individual investors, each of which act independently, not a pool of counterparties bound interdependently to one another by pre-defined rules. Compare further, from the Background of the Invention, Col. 1, lines 24-25: "A well-known insurance syndicate is Lloyds of London" whereas Walker's invention is directed to "syndicating the underwriting of an insurance policy comprises... identifying a buyer of a share of the policy.. who then becomes an underwriter of the insurance policy", Col. 3, lines 9-15.

The Examiner relies on Walker's Background of the Invention (pages 4 and 7 of the Final Rejection) for the reason to combine, and indeed for the contended obviousness, by confusing Walker's Background of the Invention with the Walker invention disclosed thereafter. However, because Walker's invention is not what is set out in Walker's Background of the Invention, it is improper to combine or modify based on this confusion. Further, McCord is not analogous to Walker's invention, and thus the finding is in error in connection with Walker's invention described subsequent to Walker's Background of the Invention. The above-quoted finding of the Examiner is therefore erroneous, and the proposed reason to combine or modify is improper, and for this reason too, the Examiner failed to establish a *prima facie* case of obviousness.

ii. Erroneous Finding: "Analogous"

In addition, as discussed above, Walker teaches that the investors act individually, rather than in a partnership, so the teachings of Walker are for this reason too not “analogous” and instead are inconsistent with the partnership of McCord. Thus, the proposed modification of Walker or combination with McCord poses the contradiction between investors acting as individuals and partners acting within a partnership, rendering each of Walker and McCord inoperable for the explicit (“individual” / “partnership”) respective purposes of the other.

Note especially the fact that the term of the investment in Walker may differ from the term of the insurance policy (col. 7, lines 20-23). Combine this with the fact that the individual investor in Walker determines the term of his or her investment (col. 4, line 67-col. 8, line 3) and it is clear that the teachings of Walker cannot be combined with partnership of McCord without explicit contradiction which renders Walker and McCord inoperable for their respective stated purposes. McCord discloses certain workings of a partnership. The term of an investment in a partnership is determined by the term of the partnership – the partners do not have the option of selecting an investment term different from the term of the partnership. A partnership, by definition is an unincorporated association, as distinguished from a corporation. It is created by the voluntary contract of the parties, as distinguished from a corporation, which is created by law. Its formation requires two or more competent parties. Any change in a partnership creates a new partnership. A new member cannot be brought into the partnership without the consent of each existing member. Nor can a partner sell his or her interest to a third party without the consent of each co-partner. Walker discloses a system in which each individual investor in an investment interest in an insurance policy can choose their own term of investment – which is contradicted by the workings of a partnership as disclosed by McCord. The “analogous” finding of the Examiner is therefore erroneous, and the proposed reason to combine or modify is improper, and for this reason too, the Examiner failed to establish a *prima facie* case of obviousness.

iii. Erroneous Finding: Examiner Speculation is Not a Substitute for Facts in the Prior Art

This improper combining of McCord with Walker leads the Examiner into making up facts rather than pointing to disclosures in the cited art. At page 6 of the Final Rejection, the Examiner asserts that: 1) "Walker does not get into details of how the potential insurance obligation of the pool is paid out when an investor drops out of the pool; however, such an obligation must be covered somehow."; and, 2) "it would have been obvious to one of ordinary skill in the financial art at the time of Applicant's invention to modify Walker to address the issue of loss of a pool participant in accordance with "a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation" in order to help assure that the obligations of the pool will continue to be met by the pool as a whole." This is not evidence from the cited art, but conjecture. Further, this conjecture is specifically contradicted by the cited art. There are numerous references to individual investors acting without impacting in any way any other investors. Indeed, under Walker there may only be a single investor and therefore the investor's actions could not conceivably impact on any other (nonexistent) investors. In any case, mere Examiner speculation is insufficient under *Graham v. Deere* for a *prima facie* showing of obviousness. The Examiner's findings at page 6 of the Final Rejection are mere speculation and improper, and therefore, the Examiner failed to establish a *prima facie* case of obviousness.

iv. Erroneous Finding: Contradicts Walker

Further, the proposed reason to modify at page 7 of the Final Rejection contradicts Walker's explicit addressing of the issue of the loss of an individual investor. As noted above, 100% of the insurance obligation always remains with the insurance company that wrote the insurance policy, and in the method of Walker, what happens if an individual investor in an interest in an insurance policy is lost for any reason (it could simply be that the term of the investment selected by that individual investor has expired) is that (as per col. 8, lines 45-46) the remaining percentage of the total risk available for sale (remaining inventory 607) goes up by the

amount of the investment interest previously held by the lost investor. Again, under Walker there may only be one investor, in which case the inventory returns to 100% and no other member of a non-existent pool can possibly assume a greater share of the obligation. This is in contrast to Applicant's claimed rules (which are the subject of the applying) include a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation. The proposed reason to combine or modify is contradicted by Walker, is therefore erroneous, and therefore the Examiner failed to establish a *prima facie* case of obviousness.

v. Erroneous Finding: Contradicts Walker

The Examiner's reason to combine or modify at page 7 of the Final Rejection yet further contradicts Walker in a second way: the explicit teachings of Walker are that one or more insurance companies are syndicating (selling) shares (investment interests) in one or more insurance policies to individual investors acting individually (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66). Because the investors act individually and are not members of a pool, there is no requirement that that at least one member of the (nonexistent) pool assumes a larger share of the obligation in the event at least one other member of the (nonexistent) pool has a reduced share of the obligation. The proposed reason to combine or modify to reach Appellant's claimed invention is contradicted by Walker. Therefore the Examiner failed to establish a *prima facie* case of obviousness.

vi. Summary Regarding No Proper Reason to Combine or Modify

In sum, for any and all of the foregoing reasons, the Examiner has not set out a proper reason to combine or modify, and as noted above, even if some plausible reason could be conjured up, the combination still does not disclose the claim elements.

3. Summary Regarding Sec. 103 Rejections 1-5, 35-43, 48, 51, 52, 57-65, 70-85, 115-123, 128, 131, 132, 137-147, 150-162, and 166 Under Sec. 103 is Improper Because The Examiner Failed to Establish a *Prima*

Facie Case of Obviousness Because At Least One Claim Element Has Not Been Shown in the Cited Art

The rejections have been shown improper for failing to make out a case of prima facie obviousness under Sec. 103 because at least one claim element has not been shown in the cited art. Indeed, none of the claim elements have been shown in the cited art.

Largely, the errors flow from the Examiner's failure to distinguish Walker's Background of the Invention from Walker's invention at page 4 of the Final Rejection. This shows in the Examiner's erroneous finding, at page 4 of the Final Rejection, that "Walker discloses... forming a pool to handle a monetary obligation that is a financial liability over time." This finding is unfounded – Compare the Background of the Invention with Walker's Abstract, Walker instead teaches "a syndicated sale of an insurance policy" via "a share in the underwriting of the insurance policy" to "a potential buyer." A share is an investment interest, and because the individual investors *act individually* (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66), the investors act are not participants in a pool and, therefore, there is no teaching in Walker of determining participation in a pool... (including) forming a pool to handle a monetary obligation that is a financial liability over time or any of the other claim elements directed to determining the participation or to the pool.

Note too that the claim must be considered as a whole, and with a focus on the features of the determining participation in a pool, claim 1 specifies

1. A computer-aided method of determining participation in a pool, the method including the steps of:
 forming a pool to handle a monetary obligation that is a financial liability over a period of time;
 storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation; and
 applying the rules, with the computer system, to carry out the step of determining the participation within the period of time.

Because Walker does not disclose forming a pool to handle a monetary obligation that is a

financial liability over a period of time, Walker cannot disclose rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation or applying the rules...to carry out the step of determining the participation (in the pool) within the period of time. Walker teaches none of the claim elements.

In the Final Rejection at page 8, the Examiner does not contend that McCord teaches forming a pool to handle a monetary obligation that is a financial liability over time, and indeed, McCord does not teach this claim element.

The Examiner concedes at page 3 of the Final Rejection that Walker does not explicitly disclose that the applied rules include a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation, and the Board can look to the Examiner's cited section of McCord to verify that McCord does not teach this element either, and there is no contention of the claimed rules plural, and yet further, no proper reason to combine or modify has been set out.

Because Walker teaches that the investors act individually, rather than in a partnership, the teachings of Walker are inconsistent with the partnership of McCord. Thus, the proposed modification of Walker or combination with McCord poses the contradiction between investors acting as individuals and partners acting within a partnership, rendering each of Walker and McCord inoperable for the explicit, respective purposes of the other.

The cited art, alone or in combination, does not teach the claimed determining participation in a pool... (including) forming a pool to handle a monetary obligation that is a financial liability over time or any of the claim elements about the pool with consideration of the claim as a whole. Indeed, the cited art does not disclose any of the elements of the claims. There being no disclosure in the cited art of at least one claim element, the rejections are improper for failing to establish a *prima facie* case of obviousness. If the Board agrees, then

there is no reason to consider the other claims separately argued below.

Group 2: The Rejection of Claims 2 and 82 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

With regard to claim 2 (and 82), the Examiner concedes in the Final Rejection at page 8 that Walker does *not* explicitly disclose that the applied rules include "at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining includes *changing membership in the pool*."

At this point the Examiner again attempts to improperly combine McCord's partnership with Walker, which as shown above, does not disclose a partnership purchasing investment interests in the insurance policy but rather individual investors, acting independently, purchasing interests in the policy. Individuals acting individually is inherently contrary to partners acting in a partnership. However, even if the Examiner is granted this invalid combination, McCord still fails to disclose claim 2. Note that the *italicized* passage in claim 2 makes it clear that there must be a rule to change membership in the pool. As the passage from McCord regarding dissolution of a partnership makes clear, such a rule cannot be applied to a partnership because, in order to add a new member, the existing partnership must be dissolved and a new partnership created that will include the new member. As the underlined portion of claim 2 makes clear, the rule requires the addition of a new member to constitute changing membership in the pool – a condition that is not satisfied by the formation of a new pool.

With further regard to claim 2, the Examiner asserts:

"Walker does not get into details of how the potential insurance obligation of the pool is paid out when an investor drops out of the pool; however, such an obligation must be covered somehow. There would be a finite number of available solutions to cover this obligation. Assuming that a financial obligation must be covered by a pool of investors, if one investor contributing a certain portion of the financial obligation drops out of the pool, this lost financial portion must be compensated for somehow."

First, "somehow" is not of the factual basis that is required for a prima facie showing of

obviousness.

Second, the Examiner's assertion at pages 6-7 of the Final Rejection that Walker must be modified in order to cover the obligation when an investor drops out (again, it may simply be a matter of the expiration of the investment term selected by the investor acting as an independent individual) is the result of the Examiner's mistaken assertion that the investment interests are sold to a pool rather than to individual investors acting independently. As shown above, there is no need to modify Walker to address the issue of the loss of an individual investor because 100% of the insurance obligation always remains with the insurance company that wrote the insurance policy. In Walker, what happens if an individual investor in an interest in an insurance policy is lost for any reason is that (as per col. 8, lines 45-46) the remaining percentage of the total risk available for sale (remaining inventory 607) goes up by the amount of the investment interest previously held by the lost investor.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference particularly regarding to claims 1 and 81, in connection with claims 2 and 182, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 3: The Rejection of method claims 3, 4, 71, 73-76 together with apparatus claims 83, 84, 151, and 153-156 is Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Walker does not disclose the claims of Group 3 (applying the rules in determining the participation in the pool) because Walker does not disclose forming a pool, rules (plural) for membership in the pool nor determining membership in the but rather individual investors acting independently. Further, the "rule" (singular, while plural is required in the claims) universally cited by the Examiner (col. 5, lines 9-43) is a purchase requirement, not a rule for participation in the

(nonexistent) pool. Moreover, Walker does not disclose the specific elements of claim 3 (and 83) and does not disclose the specific elements of claim 4 (and 84). Claims 71 and 73-76 are dependent on claim 3 and thus contain the specific element of claim 3 which is not disclosed by Walker. Similarly, claims 151 and 153-156 are dependent on claim 83 and thus contain the specific element of claim 83 which is not disclosed by Walker.

Walker does not disclose the method of claim 3, wherein the determining includes changing responsibility for the financial liability of a member of the pool because Walker does not disclose forming a pool, rules (plural) for membership in the pool, or determining membership in a pool, but rather individual investors acting independently. Moreover, Walker does not disclose wherein the determining (of participation in the pool) includes changing responsibility for the financial liability of a member of the pool.

The Examiner cites (at page 7 of the Final Rejection) to Walker at (col. 5, lines 9-43):

- The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately."

However, this is a purchase requirement for an individual investor acting independently – analogous to my going to a store to purchase a television and having my purchase refused because the credit card that I presented had been cancelled. Further, the cited passage discloses *changing the amount of the responsibility* (from some positive amount to zero) of an investor (acting independently and not a member of a pool). Changing the *amount* of a responsibility is very different from, and does not teach, changing responsibility for the financial liability of a member of the pool. Therefore, Walker does not disclose the specific element of claim 3 (and, therefore, claim 83). Further, it follows that Walker does not disclose this claim element for the claims dependent on claims 3 and 83 (claims 71, 73-76 and 151, 153-156, respectively). In sum, even without incorporating by reference with respect to Group 1 as to

claim 1, in connection as a whole with claims 3 and 83 and the claims dependent on those claims, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Walker does not disclose the method of claim 4, wherein the determining includes changing responsibility for the financial liability of the pool because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently. Moreover, Walker does not disclose wherein the determining (of participation in the pool) includes changing responsibility for the financial liability of the pool.

The support cited by the Examiner at page 7 of the Final Rejection (col. 5, lines 9-43) is as follows:

- The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately."

However, this is a purchase requirement for an individual investor acting independently – analogous to my going to a store to purchase a television and having my purchase refused because the credit card that I presented had been cancelled. Further, the cited passage discloses *changing the amount of the responsibility* (from some positive amount to zero) of an investor (acting independently and not a member of a pool). Changing the *amount* of a responsibility is very different from, and does not teach, changing responsibility for the financial liability of the pool. Therefore, Walker does not disclose the specific element of claim 4 (and, therefore, claim 84).

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference particularly as to claims 1 and 81, in connection with claims 4 and 84, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to

establish a *prima facie* case of obviousness.

Group 4: The Rejections of Claims 42, 48, 59, 73, 122, 128, 139 and 153 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

In all of the claims in Group 4, the determining of the participation in the pool is according to a formula. However, Walker does not disclose a formula. The Examiner attempts to circumvent this lack of prior art disclosure at page 13 of the Final Rejection by introducing the false assertion that “determining a percentage or amount corresponding to a risk share implies a formula” – once again simply making something up. First, “implies” is not the same as a teaching in the prior art.

Second, the illustrative claim for Group 4 is claim 42. Walker does not disclose the method of claim 42, computing, with said computer system, an adjustment of said at least one requirement according a formula because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently.

The primary support cited by the Examiner at page 13 of the Final Rejection (col. 5, lines 9-43) is as follows:

- The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.")

However, this refers to a purchase requirement for an individual investor acting independently, not a requirement for membership in a (nonexistent) pool. The other support cited by the Examiner does not disclose a method for computing an adjustment in the purchase requirement according to a formula. Indeed, as discussed above, it is difficult to imagine how (or why) Walker might modify the purchase requirement in any fashion – let alone according to a formula. Further, the Examiner’s argument includes the false assertion at page 13 of the Final

Rejection that “determining a percentage or amount corresponding to a risk share implies a formula.”

Determining a percentage or amount does not imply a formula. If I determine that 57% of the students in a class are female, that does not imply a formula. However, if I tell the class that they will be graded on a curve, with the top 10% receiving an A, the next 20% receiving a B, the next 40% receiving a C, the next 20% receiving a D and the bottom 10% receiving an F, then I am determining the grades using a formula. The Walker disclosure does not imply a formula, and the Examiner is in error to presume otherwise.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection with claim 42, there is no disclosure in the cited art of at least one claim element (determining/computing according to a formula), and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness. The same is true for all of the claims in Group 4.

Group 5: The Rejections of Claims 35, 162, 115 and 166 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

The common element of the claims in Group 5 is that the rules for membership in the pool include a requirement regarding the credit rating of the members of the pool. However, Walker does not disclose a requirement regarding the credit rating of the individual investors acting independently in their purchase of investment interests.

The illustrative claim for Group 5 is claim 35. Walker does not disclose the method of claim 35, wherein the rules include at least one requirement regarding a credit rating of one of the members of the pool because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently. Further, Walker does not disclose wherein the rules (for membership in the pool)

include at least one requirement regarding a credit rating of one of the members of the pool

The support cited by the Examiner at page 20 of the Final Rejection (col. 5, lines 9-43) is as follows:

- The syndication central server stores and updates policy information, including information regarding the frozen credit line of an investor. "If at any time the cardholder cancels his credit card account with that bank, the bank immediately notifies the insurance agency and the terms of policy investment are canceled immediately.")

The Board's attention is drawn to the Examiner's cited section to verify that the section does not include any reference to a credit rating of an investor. Indeed, the term "credit rating" does not appear in any part of the disclosure. Further, cancellation of a credit card account by an investor does not imply a requirement regarding a credit rating. Therefore, even if the investor were a member of a pool in the sense of claim 1, etc. – which the investor is *not* – the cited support does *not* disclose claim 35.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference particularly, in connection with claim 35, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness. The same arguments apply to the other claims in Group 5.

**Group 6: The Rejections of Claims 60, 61-65, 70, 140 and 141-145
and 150 are Improper Because The Examiner Failed to
Establish a *Prima Facie* Case of Obviousness Because
The Cited Art Does Not Teach At Least One Claim
Element**

Claims 60 (and its associated apparatus claim 140) introduce a claim element of wherein the step of storing in a computer, rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events that is not disclosed by Walker. The other claims in Group 6 also include this element (not disclosed by Walker) because they are dependent on claim 60 (claims 61-65 and 70) and claim 140 (claims 141-145 and 150) respectively.

Walker does not disclose the method of claim 60, wherein the step of storing in a computer, rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events because Walker discloses a system in which each individual investor independently determines the amount of risk and revenue, if any, that the investor would like to assume *at that time* and for what investment period (col. 4, line 61-col. 5, line 28; col. 7; lines 7-23; col. 8, lines 37-66). *The investors make no commitment regarding assuming amounts of risk and revenue in the future.* Therefore, it is not possible to store an agreement that determines their relative positions with regard to the their shares of risk and revenue given a (future) triggering event any more than a restaurant could store an agreement that determines which customers will choose to dine at the restaurant given a triggering event (e.g., Christmas Eve) and what the proportion of the total billings will be for each customer given the triggering event.

Not surprisingly, the citations provided by the Examiner at page 14 of the Final Rejection do not support the disclosing by Walker of any element of the specific element contained in claim 60 and the Examiner fails to address the specific elements of claim 60 in asserting that Walker discloses the specific method of claim 60.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly, in connection with claim 60, there is no disclosure in the cited art of at least one claim element (i.e., the specific element contained in claim 60), and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness. The same holds true for claim 140 and, because they each contain this same specific element, all of the claims dependent on claims 60 and 140 (claims 61-65, 70, 141-145 and 150).

If the Board agrees with Appellant as to Group 6, there is no reason to further consider Group 7.

**Group 7: The Rejections of Claims 61 and 141 are Improper
Because The Examiner Failed to Establish a *Prima Facie*
Case of Obviousness Because The Cited Art Does Not
Teach At Least One Claim Element**

Also within Group 7, the foregoing with respect to Group 6 is incorporated by reference, and further, claims 61 and 141 are noteworthy because of the Examiner's incorrect assertion that the term "replacement" at page 14 of the Final Rejection is just an identifier for the pool member and imparts no functionality or structurally limiting scope..

Walker does not disclose the method of claim 61, wherein one of said terms governs appointing a replacement pool member because Walker does not disclose forming a pool, rules for membership in the pool, determining membership in a pool, nor rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events but rather individual investors acting independently.

The Examiner asserts at page 14 of the Final Rejection that "the phrase "replacement" is just an identifier for the pool member and imparts no functionality or structurally limiting scope." This assertion may be true in the context of Walker where each investor acts independently and the loss of an investor does not trigger the need for a replacement investor given that 100% of the liability remains with the insurance company that issued the policy and that the loss of the investor merely reduces (slightly) the amount of reinsurance carried by the issuing insurance company. However, in the context of claim 61, the Examiner's assertion at page 14 of the Final Rejection is incorrect because there is functionality. In claim 61, the loss of a pool member triggers a need to replace the lost pool member with a replacement member capable of assuming the risk formerly assumed by the lost pool member. Having an agreement in place for handling the appointment of the replacement pool member is a component of the functioning of the pool, and further limits determining participation in the pool.

In sum, while the arguments for Group 1 and Group 7 are incorporated by reference,

especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection with claims 61 and 141, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 8: The Rejections of claims 36-39, 43, 48, 52, 116-119, 123, 128, and 132 Under Sec. 103 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Contrary to the Examiner's findings in the Final Rejection at page 21, the rejections of claims 36-39, 43, 48, 52, 116-119, 123, 128, and 132 under 35 U.S.C. 103(a) as being unpatentable over Walker in view of McCord, as applied to claims 1 and 81 above, and further in view of U.S. Patent No. 5,704,045 (King) fail to establish a *prima facie* case of obviousness by building and computing on prior errors. As shown above, Walker does not disclose any of the elements of claims 1 and 81. Similarly, it is shown below, King does not disclose any of the elements of claims 1 and 81 with the added claim elements of these dependent claims. It follows, therefore, that *the combination of Walker, King, and McCord fail to make out a case of prima facie obviousness.*

Further, the Examiner concedes in the Final Rejection at page 21 that neither Walker nor McCord (separately or in combination) explicitly disclose the specific elements contained in claims 36-39 and 52 and respectively in claims 116-119 and 132 (and in the claims dependent on them – claims 40, 42-43, 120 and 122-123). It is shown below that King also does not disclose the specific elements contained in these claims and in the claims dependent on them. It follows, therefore, that the combination of Walker, McCord, and King fail to disclose the specific elements contained in these claims and in the claims dependent on them.

The subject matter of King is unrelated to the instant claims. King discloses a different

capital structure for an insurer-entity (col. 3, lines 20-31) as follows:

"The foregoing and other problems of the prior art are addressed by the present invention which comprises a method of using a data processing system and other means to establish a *system of statutorily segregated reserve accounts through which compensation received for accepting risk is matched with equity or debt sourced from specific investors, being sufficient to pay a maximum loss on the specific risk accepted*, resulting in an improved capital structure for an enterprise adopting the system. It provides the highest assurance of timely payment and permits profits and losses of specific risks to be allocated to specific equity or debt providers."

King not only does not disclose the forming of a pool to handle a monetary obligation that is a financial liability over a period of time; King actually *teaches away from forming a pool to handle a monetary obligation that is a financial liability over a period of time* (col. 4, lines 22-31) as follows:

"The risk diversification subsystem of the present invention is comprised of special statutorily segregated reserves to which funds from equity and debt participants are *individually* allocated. The subsystem *protects the individual interests of each risk diversification participant from being impacted by the activities of any other participant through a method of segregating the interests of all participants in the system* by means of statutory reserve accounts created by the data processing system or otherwise."

Protecting the *individual* interests of each risk diversification participant and segregating the interests of the participants teaches away from forming a pool.

Given that King does not disclose the first element of the instant claims (forming a pool) but rather teaches away from it, it follows that King does not disclose rules for member participation in the (nonexistent) pool, a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a step of determining the participation within the period of time. Therefore, King does not disclose any element of the claims.

Further, King does not disclose the specific elements contained in claims 36-39 and 52 (respectively claims 116-119 and 132). Each of these specific elements is in the form of the "rules for member participation include": 1) claims 36 and 116: at least one requirement

regarding collateral status of at least one of the members of the pool; 2) claims 37 and 117: at least one requirement regarding revenue of at least one of the members of the pool; 3) claims 38 and 118: at least one requirement regarding profit of at least one of the members of the pool; 4) claims 39 and 119: at least one diversification requirement; and, 5) claims 52 and 132: a goal regarding value creation.

King does not disclose the specific elements cited above (1-5) for the same reason that Walker does not disclose these specific limitations. Both Walker and King teach a system of individual investors acting independently and in which *the only requirement imposed on the individual investors is a purchase requirement*. In Walker, the purchase requirement is maintaining a frozen (in the interest of the insurance company) credit line equal to the amount of risk in which the investor has chosen to invest. In King, *the purchase requirement is a cash payment equal to the share of equity or debt purchased (amount of risk accepted) by the investor/risk diversification participant*.

Given that in the system disclosed by King, the investors/risk diversification participants put up cash equal to 100% of they risk that they accept, there is no reason for King to impose any additional requirements on the investors/risk diversification participants and the system does not impose any requirements other than the purchase requirement.

Therefore, it is not surprising that the citations from King made by the Examiner fail to disclose any of the above specific elements 1-5. Indeed, with the exception of the specific element for claims 39 and 119, the citations fail to include even key words from the specific elements – let alone disclose the specific elements (although the citations do include the key word “diversification” appearing in the specific element for claims 39 and 119, the citations do not disclose at least one diversification requirement (for membership in the pool)).

In the absence of actual support in King for the specific elements 1-5, the Examiner again resorts to making things up. Specifically, with regard to each of the specific elements 1-5, the Examiner asserts at pages 21-22 of the Final Rejection:

“King discloses matching of acceptable investors (e.g., underwriting members) based on risk posed by the investors/underwriting members (col. 3, line 20 through col. 5, line 21).

The assertion is blatantly false. The underwriters in the system disclosed by King do not underwrite “acceptable” investor/risk diversification participants (any investor/risk diversification participant willing and able to put up the purchase price of an equity or debt share in cash is acceptable) but rather the risks being presented to the insurer/entity to be insured (King, col. 9-67). The only requirement imposed by King on the individual investors/risk diversification participants is putting up the cash to buy the investment interest and, therefore, King does not disclose any of the specific elements contained in claims 36-39 and 116-119 respectively.

King does use the term “diversification” but not in the sense of claims 39 and 119 (at least one diversification requirement (for membership in the pool)) because: 1) King does not apply a diversification requirement to individual investor/risk diversification participants; and, 2) King does use the term “diversification” in the context of its usual meaning – i.e., King does not use the term in the context of the meaning used by the Applicant (King, col. 11, lines 62-67: “The risk diversification subsystem (Fig. 5) is a multi-faceted diversification mechanism, which when viewed from different perspectives may look similar to existing structures but taken together in overview form is *uniquely different to any diversification methodology in existence, representing a totally new method of diversifying risk*”).

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection with claim 36, there is no disclosure in the cited art (Walker combined with King and McCord) of the specific elements contained in claims 36-39, 52, 116-119, 132 and, thereby, in their respective dependent claims 40, 42-43 and 120, 122-123. Therefore, there is no

prior art disclosure of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 9: The Rejections of claims 51 and 131 Under Sec. 103 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

In the Final Rejection at page 29, the Examiner rejects claims 51 and 131 35 U.S.C. 103(a) as being unpatentable over Walker in view of McCord in view of King in view U.S. Patent No. 7,050,998 (Kale).

As shown above, Walker, McCord, and King do not disclose any of the elements of the instant claims. As further shown above, Walker, McCord and King do not disclose the specific element contained in claims 39 and 119 – from which claims 51 and 131 are dependent. Similarly, it is shown below that Kale does not disclose any of the elements of these claims. It follows, therefore, even without incorporating by reference with respect to Group 1 as to claim 1 and 181, that as to dependent claims 51 and 131, *combining Walker, King, Kale and McCord do not set out a prima facie case of obviousness.*

The subject matter of Kale is unrelated to the instant claims. Kale discloses (col. 10, lines 33-38) “a computer-implemented method of allocating investment funds to a plurality of assets to maximize an expected utility of the investment portfolio having a utility defined by at least a first function U_1 for positive rates of return and a second function U_2 for negative rates of return, the computer-implemented method comprising.” There is no disclosure in Kale of forming a pool to handle a monetary obligation that is a financial liability over a period of time. Given that Kale does not disclose the first element of the instant claims (forming a pool), it follows that Kale does not disclose rules for member participation in the (nonexistent) pool, a requirement that at least one member of the (nonexistent) pool assumes a larger share of the obligation in the event at least one other member of the (nonexistent) pool has a reduced share of the obligation; or applying the rules, with the computer system, to carry out the step of determining the participation

within the period of time. Therefore, Kale does not disclose any element of the claims.

The Examiner concedes at page 29 of the Final Rejection that Walker does not explicitly disclose Claims 51 and 131, wherein the diversification formula includes a covariance of returns term but asserts in the Final Rejection at page 29 that one of ordinary skill in the art would combine Walker, King, and Kale to include in the rules for member participation in the pool a diversification formula that includes a covariance of returns term.

However, as shown above, Walker does not disclose forming a pool, rules for membership in the pool, or determining membership in a pool, but rather, individual investors acting independently. In Walker's system there is no pool and, therefore, there are no rules governing the (nonexistent) pool. Further, the citations from King (col. 3, line 20 through col. 5, line 21; col. 10, lines 42-49; col. 3, lines 12-17; col. 4, lines 58-65) do not disclose a requirement for a rule diversification formula but rather a system in which statutory reserve accounts of the insurer-entity are funded by the cash investments made by the risk diversification participants. Therefore, Walker, King and Kale do not combine so as make it obvious for one of ordinary skill in the art to include in the rules for member participation in the pool a diversification formula that includes a covariance of returns term.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, particularly, in connection with claims 52 and 132, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 10: The Rejection of Claim 77 and 157 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Claim 77 (and claim 157) introduces a claim element of further including the step of automatically tracking, with said computer system, any pool financial liability, which is not disclosed by Walker.

Walker does not disclose the method of claim 77, further including the step of automatically tracking, with said computer system, any pool financial liability because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently. In Walker's system there is no pool and, therefore, there is no pool liability to be tracked by the computer system. Further, Walker does not disclose the specific element contained in claims 77 and 157.

The citation cited by the Examiner at page 19 of the Final Rejection (col. 13, line 53 through col. 14, line 18) discloses the steps in processing a claim using Walker's system. The steps in processing a claim using Walker's system do not disclose tracking, with said computer system, any pool financial liability because: 1) processing a claim and tracking a liability are different processes; and, 2) there is no pool in Walker's system and, therefore, there are not any pool liabilities to track.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection as a whole with claims 77 and 157, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 11: The Rejections of Claims 78 and 158 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Claim 78 (and claim 158) introduces a claim element of further including the step of forecasting, with said computer system, future costs of the pool, which is not disclosed by Walker.

Walker does not disclose the method of claim 78, further including the step of forecasting, with said computer system, future costs of the pool because Walker does not disclose forming a pool, rules for membership in the pool, or determining membership in a pool, but rather individual investors acting independently. In Walker's system there is no pool and, therefore, there are no

future costs of the pool to forecast. Further, Walker does not disclose the specific element contained in claims 78 and 158.

The citations cited by the Examiner at page 20 of the Final Rejection (col. 5, lines 1-65; col. 7, lines 7-34; col. 8, lines 36-65; col. 13, line 53 through col. 14, line 36) do not disclose the step of forecasting, with said computer system, future costs of the (nonexistent) pool.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection with claims 78 and 158, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 12: The Rejection of claims 79 and 159 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Claim 79 (and claim 159) introduces a claim element of further including the step of calculating, with said computer system, a price charged by the pool that is not disclosed by Walker.

Walker does not disclose the method of claim 79, further including the step of calculating, with said computer system, a price charged by the pool because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently. In Walker's system there is no pool and, therefore, there is no calculating a price charged by the pool. Further, Walker does not disclose the specific element contained in claims 79 and 159.

The citation cited by the Examiner at page 20 of the Final Rejection (col. 13, line 53 through col. 14, line 18) discloses the steps in processing a claim using Walker's system. The steps in processing a claim using Walker's system do not disclose calculating, with said computer system, a price charged by the pool because: 1) processing a claim and computing a price are

unrelated processes; and, 2) there is no pool in Walker's system and, therefore, there is no price charged by the (nonexistent) pool to calculate.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection with claims 79 and 159, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

Group 13: The Rejections of claim 80 and 160 are Improper Because The Examiner Failed to Establish a *Prima Facie* Case of Obviousness Because The Cited Art Does Not Teach At Least One Claim Element

Claim 80 (and claim 160) introduces a claim element of further including the step of automatically testing a price corresponding to the pool, which is not disclosed by Walker.

Walker does not disclose the method of claim 80, further including the step of automatically testing a price corresponding to the pool because Walker does not disclose forming a pool, rules for membership in the pool nor determining membership in a pool but rather individual investors acting independently. In Walker's system there is no pool and, therefore, there is no testing of a price corresponding to the (nonexistent) pool. Further, Walker does not disclose the specific element in claims 80 and 160.

The citations cited by the Examiner at page 20 of the Final Rejection (col. 5, lines 1-65; col. 7, lines 7-34; col. 8, lines 36-65; col. 13, line 53 through col. 14, line 36) do not disclose the step of automatically testing a price corresponding to the (nonexistent) pool.

In sum, while the arguments for Group 1 are incorporated by reference, especially with respect to viewing the claimed invention as a whole, even without incorporating by reference, particularly in connection as a whole with claims 80 and 160, there is no disclosure in the cited art of at least one claim element, and the rejection is therefore improper for failing to establish a *prima facie* case of obviousness.

VI. CONCLUSION

Thus, for the reasons more fully set out above, all pending claims and the aforesaid groups of claims have not been shown unpatentable pursuant to 35 U.S.C. Sec. 103, and the rejection of them was in error, such that allowance is respectfully requested.

Respectfully submitted,



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VII. Claims Appendix

1. A computer-aided method of determining participation in a pool, the method including the steps of:

forming a pool to handle a monetary obligation that is a financial liability over a period of time;

storing, in a computer system, rules for member participation in the pool, the rules including a requirement that at least one member of the pool assumes a larger share of the obligation in the event at least one other member of the pool has a reduced share of the obligation; and

applying the rules, with the computer system, to carry out the step of determining the participation within the period of time.

2. The method of claim 1, wherein the rules include at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining includes changing membership in the pool.

3. The method of claim 1, wherein the determining includes changing responsibility for the financial liability of a member of the pool.

4. The method of claim 1, wherein the determining includes changing responsibility for the financial liability of the pool.

5. The method of claim 1, wherein the financial liability is associated in the computer system with a financial product.

6. (Withdrawn) The method of claim 1, further including associating, in the

computer system, the financial liability with a financial guarantee.

7. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a hedge.

8. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a derivative.

9. (Withdrawn) The method of claim 8, wherein the derivative comprises a forward contract.

10. (Withdrawn) The method of claim 8, wherein the derivative comprises a swap.

11. (Withdrawn) The method of claim 8, wherein the derivative comprises an option.

12. (Withdrawn) The method of claim 8, wherein the derivative comprises a swaption.

13. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a bond.

14. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a cash value of an insurance policy.

15. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a reserve of an insurance policy.

16. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a stable value wrap.

17. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a redemption value wrap.

18. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a rate of return guarantee.

19. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a disability payment stream.

20. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a long-term care policy.

21. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with an annuity payment stream.

22. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a health care expense.

23. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with an income loss.

24. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a property loss.

25. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a liability expense.

26. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with an injury loss.

27. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a forward contract.

28. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a swap.

29. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with an option.

30. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a counterparty risk.

31. (Withdrawn) The method of claim 30, wherein the counterparty risk is

associated with a forward contract.

32. (Withdrawn) The method of claim 30, wherein the counterparty risk is associated with a swap.

33. (Withdrawn) The method of claim 30, wherein the counterparty risk is associated with an option.

34. (Withdrawn) The method of claim 30, wherein the counterparty risk is associated with a swaption.

35. The method of claim 1, wherein the rules include at least one requirement regarding a credit rating of one of the members of the pool.

36. The method of claim 1, wherein the rules include at least one requirement regarding collateral status of at least one of the members of the pool.

37. The method of claim 1, wherein the rules include at least one requirement regarding revenue of at least one of the members of the pool.

38. The method of claim 1, wherein the rules include at least one requirement regarding profit of at least one of the members of the pool.

39. The method of claim 1, wherein the rules include at least one diversification requirement.

40. The method of any one of claims 35 – 39, further including computing, with said computer system, an adjustment of said at least one requirement according to a criterion.

41. The method of claim 1, wherein the determining is responsive, at least in part, to an event.

42. The method of any one of claims 35 – 39, further including computing, with said computer system, an adjustment of said at least one requirement according a formula.

43. The method of claim 39, wherein the at least one diversification requirement comprises a requirement of a reduction in diversifiable risk.

44. (Withdrawn) The method of claim 39, wherein the at least one diversification requirement comprises a requirement that the members of the pool represent at least two industries.

45. (Withdrawn) The method of claim 39, wherein the at least one diversification requirement comprises a requirement of a geographic dispersion of risks taken.

46. (Withdrawn) The method of claim 39, wherein the at least one diversification requirement comprises a requirement of a type of risk taken by at least one of the members of the pool.

47. (Withdrawn) The method of claim 39, wherein the at least one

diversification requirement comprises a category requirement of collateral provided by the members of the pool.

48. The method of claim 1, wherein the rules include a diversification formula.

49. (Withdrawn) The method of claim 48, wherein the diversification formula includes a covariance of earnings term.

50. (Withdrawn) The method of claim 48, wherein the diversification formula includes a covariance of losses term.

51. The method of claim 48, wherein the diversification formula includes a covariance of returns term.

52. The method of claim 1, wherein the rules include a goal regarding value creation.

53. (Withdrawn) The method of claim 1, wherein the rules include a goal regarding returns earned.

54. (Withdrawn) The method of claim 1, wherein the rules include a goal regarding expenses incurred.

55. (Withdrawn) The method of claim 1, wherein the rules include a goal regarding a level of default risk.

56. (Withdrawn) The method of claim 1, wherein the rules include a goal regarding income earned.

57. The method of claim 1, wherein the rules include a profit limitation for the members of the pool.

58. The method of claim 57, wherein the profit limitation is determined by a mathematical formula.

59. The method of claim 1, wherein the step of storing comprises storing a formula of relative positions of the members of the pool with regard to their shares of risk and revenue.

60. The method of claim 1, wherein the step of storing in a computer, rules for participation in the pool includes storing terms of an agreement, along with respective shares of risk and revenue for the members of the pool, under certain triggering future events.

61. The method of claim 60, wherein one of said terms governs appointing a replacement pool member.

62. The method of claim 60, wherein one of said terms governs adding a new slot to accommodate a new pool member.

63. The method of claim 60, wherein one of said terms governs adding a new

slot to accommodate a new pool member in response to the aggregate business written.

64. The method of claim 60, further including the step of monitoring, with said computer system, compliance with the terms of the agreement.

65. The method of claim 64, wherein the monitoring is responsive, in part, to input reports from each pool member.

66. (Withdrawn) The method of claim 64, wherein the monitoring is responsive, in part, to input from credit rating agency reports.

67. (Withdrawn) The method of claim 64, wherein the monitoring is responsive, in part, to input from asset valuation service reports.

68. (Withdrawn) The method of claim 64, wherein the monitoring is responsive, in part, to input from auditor reports.

69. (Withdrawn) The method of claim 64, wherein monitoring is responsive, in part, to input from regulator reports.

70. The method of claim 60, further including the step of signaling, with said computer system, to enforce the agreement.

71. The method of claim 3, wherein the step of determining the participation is according to a pre-specified criterion.

72. The method of claim 1, wherein the step of determining is carried out periodically.

73. The method of claim 3, wherein the step of determining the participation is according to a formula.

74. The method of claim 3, further including the step of notifying, with the computer system, at least one of the members of the pool regarding a change in the participation.

75. The method of claim 3, further including the step of notifying, with the computer system, at least one of the members of the pool regarding an imminent change in the participation.

76. The method of claim 3, further including the step of producing a notice of a change in the participation of at least one of the members of the pool.

77. The method of claim 1, further including the step of automatically tracking, with said computer system, any pool financial liability.

78. The method of claim 1, further including the step of forecasting, with said computer system, future costs of the pool.

79. The method of claim 1, further including the step of calculating, with said computer system, a price charged by the pool.

80. The method of claim 1, further including the step of automatically testing a price corresponding to the pool.

81. Apparatus comprising:

a computer system comprising a processor, an input device, an output device, and memory, the system arranged to receive in the memory rules for participation by members in a pool that handles a monetary obligation comprising a financial liability over a period of time, wherein the rules include a requirement for at least one member to assume a larger share of the obligation in the event at least one other member's share of the obligation is reduced, wherein the processor is programmed to facilitate processing input data from the input device to produce output signals at the output device, such that the processing comprises applying the rules in determining the participation within the period of time and in accordance with the rules.

82. The apparatus of claim 81, wherein said rules include at least one rule to appoint at least one new member to replace a member leaving the pool, whereby the determining the participation comprises determining membership in the pool.

83. The apparatus of claim 81, wherein said determining the participation comprises determining responsibility for the financial liability of at least one said member of the pool.

84. The apparatus of claim 81, wherein said determining the participation comprises determining responsibility for the financial liability by the pool.

85. The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a financial product.

86. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a financial guarantee.

87. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a hedge.

88. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a derivative.

89. (Withdrawn) The apparatus of claim 88, wherein the derivative comprises a forward contract.

90. (Withdrawn) The apparatus of claim 88, wherein the derivative comprises a swap.

91. (Withdrawn) The apparatus of claim 88, wherein the derivative comprises an option.

92. (Withdrawn) The apparatus of claim 88, wherein the derivative comprises a swaption.

93. (Withdrawn) The apparatus of claim 88, wherein financial liability

comprises a bond.

94. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a cash value of an insurance policy.

95. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a reserve of an insurance policy.

96. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a stable value wrap.

97. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a redemption value wrap.

98. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a rate of return guarantee.

99. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a disability payment stream.

100. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a long-term care policy.

101. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with an annuity payment stream.

102. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a health care expense.

103. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with an income loss.

104. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a property loss.

105. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a liability expense.

106. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with an injury loss.

107. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a forward contract.

108. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a swap.

109. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with an option.

110. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with counterparty risk.

111. (Withdrawn) The apparatus of claim 110, wherein the counterparty risk comprises a forward contract.

112. (Withdrawn) The apparatus of claim 110, wherein the counterparty risk comprises a swap.

113. (Withdrawn) The apparatus of claim 110, wherein the counterparty risk comprises an option.

114. (Withdrawn) The apparatus of claim 110, wherein the counterparty risk comprises a swaption.

115. The apparatus of claim 81, wherein the rules include requirements regarding credit ratings of pool members.

116. The apparatus of claim 81, wherein the rules for include requirements regarding collateral status of pool members.

117. The apparatus of claim 81, wherein the rules include requirements regarding revenues of pool members.

118. The apparatus of claim 81, wherein the rules include requirements

regarding profits of pool members.

119. The apparatus of claim 81, wherein the rules include at least one requirement of diversification.

120. The apparatus of claims 115 – 119, wherein one said rule comprises a pre-specified criterion.

121. The apparatus of claim 81, wherein the determining is responsive, at least in part, to an event.

122. The apparatus of claims 115 – 119, wherein one said rule comprises a formula.

123. The apparatus of claim 119, wherein the at least one requirement of diversification includes a specified reduction in diversifiable risk.

124. (Withdrawn) The apparatus of claim 119, wherein the at least one requirement of diversification includes a specification regarding industries of pool members.

125. (Withdrawn) The apparatus of claim 119, wherein the at least one requirement of diversification includes a geographic dispersion of risks taken.

126. (Withdrawn) The apparatus of claim 119, wherein the at least one requirement of diversification includes a specification regarding a type of risk taken by pool

members.

127. (Withdrawn) The apparatus of claim 119, wherein the at least one requirement of diversification includes a specification regarding categories of collateral provided by pool members.

128. The apparatus of claim 81, wherein the rules include a formula of diversification.

129. (Withdrawn) The apparatus of claim 128, wherein the formula of diversification includes a covariance of earnings term.

130. (Withdrawn) The apparatus of claim 128, wherein the formula of diversification includes a covariance of losses term.

131. The apparatus of claim 128, wherein the formula of diversification includes a covariance of returns term.

132. The apparatus of claim 81, further including, in the input data, a goal regarding value creation, and wherein the processing produces an application of the goal.

133. (Withdrawn) The apparatus of claim 81, further including, in the input data, a goal regarding returns earned, and wherein the processing produces an application of the goal.

134. (Withdrawn) The apparatus of claim 81, further including, in the input data, a goal regarding expenses incurred, and wherein the processing produces an application of the goal.

135. (Withdrawn) The apparatus of claim 81, further including, in the input data, a goal regarding a level of default risk, and wherein the processing produces an application of the goal.

136. (Withdrawn) The apparatus of claim 81, further including, in the input data, a goal regarding income earned, and wherein the processing produces an application of the goal.

137. The apparatus of claim 81, wherein the rules comprise a profit limitation for pool members.

138. The apparatus of claim 137, wherein the profit limitation is determined by a formula.

139. The apparatus of claim 81, wherein the rules comprise a formula governing a respective relative position of each of the members of the pool with regard to their shares of risk and revenue.

140. The apparatus of claim 81, wherein the rules comprise terms of an agreement, along with its respective share of risk and revenue under certain triggering potential future events.

141. The apparatus of claim 140, wherein one of the terms governs appointing a replacement pool member.

142. The apparatus of claim 140, wherein one of the terms governs adding a new slot to accommodate a new pool member.

143. The apparatus of claim 142, said one of the terms is responsive to aggregate business written.

144. The apparatus of claim 140, wherein the computer system is programmed to facilitate monitoring compliance with the agreement.

145. The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from each pool member.

146. (Withdrawn) The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from credit ratings agencies.

147. (Withdrawn) The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from asset valuation services.

148. (Withdrawn) The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from auditors.

149. (Withdrawn) The apparatus of claim 144, wherein the input data, for the monitoring, comprises reports from regulators.

150. The apparatus of claim 140, wherein the output signals signal to enforce the agreement.

151. The apparatus of claim 83, wherein the determining comprises determining according to a pre-specified criterion.

152. The apparatus of claim 83, wherein the computer is programmed to periodically carry out the determining.

153. The apparatus of claim 83, wherein the determining comprises carrying out the determining according to a formula.

154. The apparatus of claim 83, wherein the output signals are output so as to notify at least one member of the pool regarding a change in the participation of said at least one member of the pool.

155. The apparatus of claim 83, wherein the output signals are output so as to notify at least one member of the pool regarding an imminent change in the participation of said at least one member of the pool.

156. The apparatus of claim 83, wherein the output signals are output so as to notify a non-member regarding a change in the participation of at least one member of the pool.

157. The apparatus of claim 81, wherein the processing comprises tracking to report on the financial liability of the pool.

158. The apparatus of claim 81, wherein the processing comprises forecasting future costs of the pool.

159. The apparatus of claim 81, wherein the processing comprises calculating a price charged by the pool.

160. The apparatus of claim 81 wherein the processing comprises price testing.

161. Apparatus comprising:

a computer system comprising a processor, an input device, an output device, and memory, the system arranged to receive in the memory rules for participation by members in a pool that assumes a monetary obligation comprising a financial liability over a period of time, wherein the rules include at least one rule to appoint at least one new member to replace a member leaving the pool, and wherein the processor is programmed to facilitate processing input data from the input device to produce output signals at the output device, such that the processing comprises applying the rules in determining the participation within the period of time and in accordance with the rules.

162. The method of claim 41, wherein the event is a change in a credit rating.

163. (Withdrawn) The method of claim 41, where the event is a change in

amount of the financial liability.

164. (Withdrawn) The method of claim 41, wherein the event is change in collateral.

165. (Withdrawn) The method of claim 41, where the event is a change in diversification.

166. The apparatus of claim 121, wherein the event is a change in a credit rating.

167. (Withdrawn) The apparatus of claim 121, where the event is a change in amount of the financial liability.

168. (Withdrawn) The apparatus of claim 121, wherein the event is a change in collateral.

169. (Withdrawn) The apparatus of claim 121, where the event is a change in diversification.

170. (Withdrawn) The method of claim 1, further including associating, in the computer system, the financial liability with a reinsurance contract.

171. (Withdrawn) The apparatus of claim 81, wherein the financial liability is associated, in the computer system, with a reinsurance contract.

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VIII. Evidence Appendix

The following evidence document referred to above is identified below.

None

IX. Related Proceedings Appendix

There are no related proceedings.